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Col. Duffy Joins Com. & Ind. Ass'n

Colonel Francis K. Duffy, Commanding Officer of the New York Quartermaster Office since 1941, has been appointed Manager of the Industrial Bureau of the Commerce and Industry Association of New York, Inc. by Association's Secretary Thomas Jefferson Miley, to become effective July 31.

Col. Francis R. Duffy

Col. Duffy, also a veteran of World War I, for 19 years was District Manager for the A. B. Dick Company. He previously had served for a number of years in the advertising department of the Eastman Kodak Company and for several years in the freight division of the New York Central Railroad.

He is a graduate in economics of the University of Rochester, New York,. in business law, the John Carroll University, Cleveland, Ohio, the Army Industrial College and the Command and General Staff School. His home is in Forest Hills, New York.

IN THIS ISSUE

Special material and items of interest with reference to dealer activities in the State of Pennsylvania on pages 490, 491.

Index of Regular Features on page 512.

Ten Years Of The FDIC

By DR. FREDERIC EDWARD LEE

Professor Of Economics, University Of Illinois; Formerly American Financial Trade Commissioner, American Embassy, London; Sometime Director of Research and Consultant, Committee on Banking Research, Illinois Bankers Association

Economist Holds Heavy Growth Of Deposits Due To Government Loans Has Reduced Ratio Of Bank Capital To Liabilities So That A Fall In Bond Prices May Cause Bank Failures And Loss Of FDIC Reserves—He Condemns Proposal To Value Government Bonds At Par, And States That Swollen Deposits And Excessive Money Volume May Require Higher Bank Cash Reserves To Avoid A Spending Spree.

With the recent release of Call Report No. 20, covering the assets and liabilities of Operating Insured Banks under the Federal Deposit Insurance Corporation as of Dec. 31, 1943, and with other data furnished to the writer by the Corporation which has not yet been published, it is now possible to survey the trends in American banking for the full 10 years of the operation of the Corporation, from Jan. 2, 1934 to Dec. 31, 1943. It is not to be inferred that all of the changes indicated were **caused** by the operations of the FDIC, for many of them would have taken place whether there had been any form of insurance of bank deposits or not, such as the tremendous growth of bank deposits through the deficit financing program of the 'thirties, the later defense expansion, and finally through the period of war financing largely through commercial and reserve banks. The

Dr. Frederic E. Lee

(Continued on page 494)

Comments On Dr. Lohman's "What Price Economic Security?"

In an article published in the "Chronicle" of July 6, entitled "What Price Economic Security?" Dr. Philipp H. Lohman, Ph.D., declared that if consumers, business men and workers wish to be assured of economic security by government, they must be willing to pay the price that such guarantee entails. In Dr. Lohman's view, freedom and assurance of economic security are basically incompatible, and capital and labor must not be deluded into thinking otherwise.

Since publication of the article, we have received a considerable number of expressions from individuals in various fields of endeavor setting forth their views with respect to the thesis propounded by Dr. Lohman and its implications. Some of these expressions can be accommodated in today's columns and are given herewith; others will appear in a subsequent issue.

IRVING FISHER

Emeritus Professor of Economics, Yale University

My comments on "What Price Economic Security?" by Philipp Lohman, can be brief since this article seems to me almost faultless and there is little use in merely reciting points of agreement.

Prof. Irving Fisher

I particularly admire the general pattern as indicated by the title; for it expresses clearly the importance of not being one-sided in considering the Economic Security problem. Just as every act of purchase requires us to balance the utility

(Continued on page 496)

Jobs After The War

By SUMNER H. SLICHTER *

Lamont University Professor, Harvard University

Economist Predicts That Although Twenty Million Will Be Looking For Jobs Soon After War, Consumer Needs Will Be At All Time High, With Ample Purchasing Power Through War Time Savings—Additional Housing And Industrial Requirements Are Likely To Test Productive Capacity, But This Need Not Lead To Disorderly Price Rises—Sees Necessity Of Tax Revisions To Foster Full Employment

I

Within two years after the end of fighting, federal expenditures will drop from about $90 billion to $25 billion a year. This will represent the greatest and swiftest disappearance of markets in all history. Within one year after the fighting about eight or nine million men will leave the armed service, two million will leave civilian Government jobs, and five million will be laid off by plants making combat munitions. Of thirteen million additional men making war goods, perhaps half will be laid off. Nearly 20 million will be looking

Prof. S. H. Slichter

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* An address made by Prof. Slichter before the Committee for Economic Development at Chicago, on July 13, 1944.

(Continued on page 498)

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Post-War Problems Viewed By A Retailer

By B. EARL PUCKETT *

President, Allied Stores Corporation, New York

Mr. Puckett Contends That A Balance Sheet Of Post-War Conditions Indicates That Business Will Enter The Period With Adequate Primary Ingredients For A Good Business Era—Sees Renewed Confidence In Private Enterprise As Greatest Asset — Believes Tax Burden As Heaviest Liability But Holds That A High National Income And Better Production And Distribution Methods Will Make The Post-War World A Better World

In attempting to understand post-war problems one must endeavor to analyze conditions out of which these problems will develop. If I possessed an economic radar which would enable me to look beyond present horizons and obtain a picture in the way of reefs, sandbars, rocks, and shoals which will constitute our hazards of the post-war period, I would gladly share my knowledge with you. I have no such equipment.

B. Earl Puckett

If I were an economist, I could measure our post-war situation in terms of national income, national productive capacity, etc., and thereby set the background for a discussion of this problem. I am not an economist as Dr. Nystrom well knows. He knows what an economist is. He knows me. Therefore he knows I am not one.

Having started life as an accountant and ended up as a business man, perhaps my best approach would be to draw up a pro-forma balance sheet of the business-influencing factors for the post-war period as I see them. What will be our environmental assets in the way of positive factors, advantages, and aids? Conversely, what will be our liabilities in the way of negative factors, disadvantages, and hindrances?

As to assets of the post-war period we may list:

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*Address delivered by Mr. Puckett before the Sales Executives Club of New York at the Hotel Roosevelt, New York City, on July 18, 1944.

(Continued on page 500)

Guy A. Nelson With M. H. Bishop & Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Guy A. Nelson has become associated with M. H. Bishop & Co., Thorpe Building. Mr. Nelson was recently with E. H. Rollins & Co., and prior thereto for many years conducted his own investment business in Minneapolis.

Attractive Situation

Panama Coco-Cola offers an interesting situation according to circular being distributed by Hoit, Rose & Troster, 74 Trinity Place, New York City. Copies of this circular may be had from the firm upon request.

The New York Curb Exchange

By FRED C. MOFFATT*

President, New York Curb Exchange

After Tracing The Development Of The New York Securities Markets, The President Of The Curb Exchange Describes Its Trading Mechanism—He Emphasizes The Responsibility Of The Exchange "To See That The Highest Standards Of Ethical Conduct Prevail," And Notes That The Curb "Is The Proving Ground For A Public Market In The Growth Period" Of A New Concern—Looks In Not Distant Future To Admission On Exchange Of Securities Of Many Corporations Which Are Closely Held

Because I have received from your Committee complete freedom in the choice of a subject on which to address you this evening, it will not come as a surprise if I choose "The New York Curb Exchange," the organization which I am temporarily privileged to head.

Fred C. Moffatt

The New York Curb Exchange, or as it is known more familiarly, "The Curb," has been a part of Financial America since the early settlers of New Amsterdam in 1752 established a general meeting place or exchange for merchants at the foot of Broad Street to deal in metal and water-borne produce. Only the most meagre records of the earliest security markets in New York exist today. But apparently securities, Government obligations, and a few bank shares, were first sold in the ordinary produce and merchandise auctions at the foot of Wall Street. Auctions, by their very nature, are onesided markets with competition among buyers but none among sellers, and for this reason did not prove an adequate method of marketing securities, despite the fact that security auctions are still held in New York. However, some ten or a dozen auctioneers and merchants were attracted to the new occupation of selling securities or acting as agents for security buyers and sellers and these, according to tradition, formed the custom of meeting under an old buttonwood tree which stood before what is now 68 Wall Street. Rain, cold or inclement

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*Speech delivered by Mr. Moffatt at the Suffern Lions Club dinner, Suffern, N. Y., on July 25, 1944.

(Continued on page 493)

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Outlook For Bonds

Roger W. Babson Says Top Grades To Hold With Medium Grades Spotty

BABSON PARK, MASS.—While the War continues and cash piles up, interest rates will continue low. For all practical purposes, bond flotations consist almost wholly of Governments and refunding issues. There is no necessity for Mr. Morgenthau now offering more of a return for the use of funds for government purposes. Lack of competition in the bond market makes higher interest rates for government money unnecessary.

Roger W. Babson

However, when the war is over and industry again seeks funds, the situation will change. The law of supply and demand will then bring about a rise in interest rates with a decline in bond prices. Hence, there is little reason for large investors now to reach for high-grade bonds except for the tax-exempt group. Most investors are better off in Governments than they are in prime corporate bonds. Therefore, there is little point today in discussing high-grade bonds. Let us look at certain other issues.

Foreign Bonds

There has been considerable interest in foreign issues for some time past. Even Russian bonds of the old Kerensky Regime have had a large percentage rise. Any anticipation that Stalin will ultimately recognize these bonds is extremely remote. Bonds of Nazi-occupied countries, such as Czechoslovakia and Denmark, may continue their present show of strength as Germany's defeat

(Continued on page 489)

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Wartime Debt Changes In The United States

By ALVIN SLATER*

National Income Unit, Bureau of Foreign and Domestic Commerce

Government Expert Estimates That Public And Private Debts Aggregated 295 Billions On July 1, 1944—Of This, Federal Debt Was 170 Billions—Heavy Debt Increase Due To Federal Borrowing As Local Government And Private Debts Declined, With Railroad Reductions Most Notable—Sees Prospect For Post-War Growth In State, Municipal And Corporate Borrowing

With the Federal Government relying heavily upon borrowing to finance a substantial portion of the defense and war production programs, total debt has increased markedly during the war. Net public and private indebtedness, which represents the obligations of ultimate borrowers, is estimated at approximately 295 billion dollars as of the middle of 1944, compared with 273 billion at the end of 1943 and 166 billion at the end of 1940. In 1943 alone total net debt increased approximately 50 billion dollars, and a corresponding proportional amount was added in the first half of the current year.

Alvin Slater

Total gross indebtedness reached an estimated 338 billion dollars as of June 30, 1944, compared with 315 billion at the end of 1943, and 200 billion at the end of 1940.

War accounted for all of this rise in indebtedness. In fact, aside from the Federal debt, all major categories of debt—State and local government debt, corporate debt, consumer short-term debt, and farm and urban real estate mortgage debt—have receded during the war period.

The dominant factor behind the downward trend of non-Federal debt has, of course, been the sharp

(Continued on page 506)

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*Reprinted from the July, 1944, issue of the "Survey of Current Business," published by the Department of Commerce, Washington, D. C.

Panhandle Eastern Pipe Line "Blue Chip" Of Tomorrow

Scherck, Richter Co., Landreth Bldg., St. Louis, Mo., in a circular on the Panhandle Eastern Pipe Line Co., state that they believe that the common stock of the company "has all the qualifications needed to make it one of the leaders of the post-war investment market."

Missouri-Kansas Pipe Line Co., a holding company, has as its principal asset 531,638 shares (65.6% of the total outstanding shares) of common stock of Panhandle. At the present time "Mokan" is offering to holders of its common and Class B stocks the right to purchase pro rata 163,710 shares of common stock of Panhandle at $30 per share. "Mokan" further intends to offer to its stockholders, stock of Panhandle in exchange for their holdings. The history of Panhandle reveals consistent growth in sales, revenues, facilities and total assets. Since dividends have been paid on Panhandle common stock for the past eight years and since the income return from the current rate is quite liberal, it is the opinion of Scherck, Richter Co., that this stock merits inclusion in the portfolios of individual investors and institutions. Copies of the circular may be had upon request.

"What Is All The Shooting About?"

We finally come to the last of three articles responsive to the above sub-heading contained in a recent issue of the NASD News. Therein it was suggested in effect that criticism levelled at the NASD are baseless.

That article assumes an attitude of injured innocence.

We quote:

"In the course of these attacks, the loyalty and integrity of officers of the Association were indicted as well as the honest intent of the letter itself. More recently, the whole NASD program, including the constitutionality of the legislation under which the Association operates, were questioned and condemned.

All of these efforts to undermine, if not destroy, the NASD are motivated by reasons not entirely clear, but one thing is clear. They can be damaging to morale in the over-the-counter business. The Governors of your Association are conscious of the confusion that has been engendered in the minds of members. Such confusion is unhealthy, detrimental to the members' own business and to the welfare of the over-the-counter business as a whole."

Has it ever occurred to the writer of the above that there can be honest and well intentioned criticism founded basically upon the desire to continue a spirit of fair dealing between the security field and the public which it serves?

Has he ever thought it possible that our editorial policy concerning NASD abuses was motivated clearly and only in the interest of public service?

The head in the sand posture of the ostrich does not lend itself to clear vision. We suggest that a sightless attitude is responsible for the Board's inability to sense the reasons which motivate those who criticise the NASD.

Yes, we have questioned "the constitutionality of the legislation under which the Association operates." We have been advised, and earnestly believe, that the Maloney Act and the By-laws of the NASD which deprive non-joining members of their rights to participate in member sponsored un-

(Continued on page 507)

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Markets, Prices And Profits

By J. GENTRY DAGGY *

A DISCUSSION OF THE SEVERAL MARKET PLACES FOR SECURITIES

Writer Traces Development Of Securities Markets, Pointing Out Conditions Which Led To The Three Divisions Of Trading, Viz: (1) Over-The-Counter, (2) Unlisted Exchange Trading And (3) Listed Exchange Trading—Holds That Inadequte Markets Exist In Many Listed Securities, And Argues That In The Interest Of Service To The Public National Exchanges Should Not Seek Listings Indiscriminately—Says Listing, In Itself, Is No Assurance Of Liquidity Or Activity

The writer believes that much of the contention that currently exists between, broadly speaking, the listed and over-the-counter divisions of the securities business, and, to a scarcely lesser extent, within the divisions themselves, stems from misinformation, lack of information and an inability or unwillingness to assimilate basic facts and to reason dispassionately from them.

J. Gentry Daggy

If we, within the business, are victims of confusion and disagreement, we must quite logically expect that regulatory bodies and the public will look askance on an industry that is apparently divided against itself. Thus the securities business as a whole subjects itself to adverse criticism and invites well-intentioned but

(Continued on page 508)

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* Taken from a report prepared by Mr. Daggy for the Investment Traders Association of Philadelphia. Another part of the report relating to "mark ups" appeared in the "Chronicle" of July 20, on page 284. The balance will be published in next Thursday's issue. Mr. Daggy is associated with the Trading department of the Philadelphia office of H. M. Byllesby and Company.

Detroit Traders To Hold Summer Outing

DETROIT, MICH.—Members of the Securities Traders Association of Detroit & Michigan, Inc., will hold their 1944 Summer Outing on Tuesday, Aug. 8, at the Plum Hollow Golf Club.

Members will play golf in the afternoon and compete for the Director's Trophy.

The officers are: Ray P. Bernardi of Cray McFawn & Co., President; Don W. Miller of McDonald-Moore & Co., Vice-President; Ray E. Davis of E. H. Rollins & Sons Incorporated, Secretarp; Harold R. Chapel of Crouse, Bennett, Smith & Co., Treasurer.

Reservations for the party should be made with the Chairman of the Entertainment Committee, Robert R. Stoetzer, of Stoetzer, Carr & Co., 2056 Penobscot Building.

Brady & Garvin Admit A. V. Smith To Firm

Alfred V. Smith, member of the New York Curb Exchange, has been admitted to partnership in Brady & Garvin, 115 Broadway, New York City, New York Curb member firm. Mr. Smith has recently been active as an individual Curb floor broker; prior thereto he was a partner in Frank C. Masterson & Co.

NSTA Advertising Notes

Fellow Members:

As of this writing, we are well over $6,000 gross, and now have about three weeks ahead of us to double our present advertising. Can this be done?

Your advertising committee received a very pleasant response from one of our fellow members. Jeff Horsfield, of Wm. J. Mericka & Co., New York, has become a member of the NSTA advertising committee, and feels confident he can still increase the New York production which already is over $3,500. We welcome you, Jeff, and compliment your admirable spirit.

During the past week we had a nice chat with Kerm Sorum, of our Twin City club, who feels he and Bab, will have their affiliate well represented. Congratulations are in order, too, for Bert Horning of Stifel, Nicolaus & Co. of St. Louis who is using his best endeavors to insure St. Louis being well represented.

Let us get the contracts in now, as it will insure better positions in the "Chronicle's" NSTA supplement, which we know our members will be very pleased to peruse carefully.

K. I. M.

Harold B. Smith, Chairman NSTA Advertising Committee. Collin, Norton & Co., 30 Pine St., New York 5, N. Y.; Alfred W Tryder, Vice - Chairman NSTA Advertising Committee, H. T. Greenwood & Co., 123 S. Broad St., Philadelphia 9, Pa.

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Sheedy Named Pres. Of Cleveland Bond Club

CLEVELAND, OHIO—Herman J. Sheedy, partner of McDonald & Co., was elected President of the Bond Club of Cleveland by the governors, succeeding John D. Burge of Ball, Burge & Co.

Paul J. Eakin, partner of Hornblower & Weeks, was elected Vice-President; Walter B, Carlton of Fahey, Clark & Co., Secretary, and Rudford K. Wilson of Curtiss, House & Co., Treasurer.

Mr. Sheedy has been in the investment business with McDonald & Co. and predecessor firms for 18 years. During the Fifth War Loan he was Chairman of Area 1, comprising 26 counties in northern Ohio, which produces 50% of all bonds sold in Ohio.

Ball, Burge To Admit Harry G. Kraus.

Change Firm Name

CLEVELAND, OHIO—Harry G. Kraus will become a partner in Ball, Burge & Co., Union Commerce Building, members of the New York and Cleveland Stock Exchanges, on Aug. 10 and the firm name will be changed to Ball, Burge & Kraus. In the past Mr. Kraus was a partner in Kraus-Cunningham & Co.

Speculative Appeal

"MOP" general 4s of 1975 offer interesting speculative potentialities, according to a circular on the situation issued by McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

Diamond Alkali Interesting

Common stock of Diamond Alkali offers attractive possibilities, according to a circular issued by Wm. J. Mericka & Co., Inc., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of this interesting circular may be had from the firm upon request.

Rejoin Sutro & Co. Staff

LOS ANGELES, CALIF. — Sutro & Co., Van Nuys Building, announce the re-association of Gustavus H. Dann after two years in the armed forces, of which 18 months were spent in the Southwest Pacific.

Shirley Rouleau also has become re-associated with their firm.

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SECURITIES
Send for our current report on
Puget Sound Power & Light
H. R. BAKER & CO.
Russ Bldg. 650 So. Spring St.
San Francisco Los Angeles
S. F. 196 L. A. 42

Outlook For Rails

Hirsch, Lilienthal & Co., 25 Broad St., New York City, members of the New York Stock Exchange, have prepared an interesting analysis of the "Outlook for Railroad Common Stocks." Copies of this interesting study are available upon request.

Interesting Situation

H. R. Baker & Co., Russ Bldg., San Francisco, Calif., have available an interesting report on Puget Sound Power & Light. Copies of this report may be had from the firm upon request.

PANAMA COCA-COLA
Dividends paid 1944 to date — $2.25
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Tomorrow's Markets Walter Whyte Says——

Post-war and Election uncertainties have little effect on current market. Buying cropping up in airplanes and steels.

By WALTER WHYTE

* * *

Despite the apparent weakness of the market the undercurrents mentioned here last week are becoming more and more evident. Stock after stock which gave all the indications of further retreat has firmed up. For example, Monday's action indicated further decline; on Tuesday the down tendencies disappeared. True, few of these down indications turned into up signals. But the fact that the market didn't follow through on the downside was enough signal in itself.

* * *

The post-war picture will obviously be a prominent point for discussion in the coming weeks. With it will come the usual viewing with alarm or pointing with pride statements. What the effect will be on the market is of course unknown. But the market has seldom paid attention to official statements. Besides the post-war picture is something which has been discussed so long and so often that there is little new that can come up to catch the market by surprise.

* * *

The element of surprise cannot of course be overlooked. Though how one can guard against it is something else. A few weeks ago the possibility of an early end of

(Continued on page 509)

SALESMEN WANTED

Prominent investment house, specialists in their field, require services of three experienced salesmen. Leads and facilities furnished. More than liberal commission arrangement and drawing account if qualified. Box U 26, Commercial & Financial Chronicle, 25 Spruce St., New York.

R. Condon Now V.-P. Of B. J. Van Ingen

B. J. Van Ingen & Co. Inc. announces that Raymond V. Condon, manager of their Chicago office, 135 South La Salle Street, has been elected a vice-president of the firm.

The Business Man's Bookshelf

Problems of Reemployment and Retraining of Manpower During the Transition From War to Peace, A Selected, Annotated Bibliography—Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper—25c.

Savings and Loan Annals 1943 —United States Savings and Loan League, 221 North La Salle Street, Chicago, Ill. — cloth — $5.00 per copy ($3.00 per copy on orders of five or more).

Training of Supervisors—Gerald G. Chappell—Industrial Relations Section, California Institute of Technology, Pasadena 4, Calif. —paper—$1.00.

Wage Payment Systems, A Selected List of References—Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, New Jersey—paper—25c.

H. & B. Mach. Looks Good

H. & B. American Machine 6% cumulative preferred offers attractive possibilities, according to a circular issued by F. M. Mayer, 30 Broad St., New York City. Copies of this interesting circular may be had from F. M. Mayer upon request.

New Dept. Opened At Smith, Barney Office

Smith, Barney & Co., members of the New York Stock Exchange, announce the opening of a stock department under the direction of Geoffrey J. Dwyer at their uptown office, 522 Fifth Ave.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

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PROFITS that otherwise might have gone with the wind because *one* dealer couldn't meet a particular investor's specific requirements often have been garnered by *two* dealers who had the foresight to get together to their mutual advantage.

That's a simple truism of our business—but it's one that we think is mighty important. We know that a good part of our total business originates with smaller dealers, and we express that realization in the way we do business with them. There are many dealers around this country who can testify that this is no mere idle talk, but a demonstrated fact.

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Avoid Trade Battle With Great Britain Says Charles P. Taft

State Department Official Holds "Great Britain Is The Country Whose Support We Must Have" In Getting Away From Trade Controls

Charles P. Taft

In speaking of the problems involved in the post-war restoration of international trade at the annual convention of the Federation of Business and Professional Women's Clubs in New York City on July 17, Charles P. Taft, Director of the Office of War Time Economic Affairs of the Department of State, defended the policy of Secretary Hull in promoting the elimination of trade barriers, and condemned efforts to return to "a world of barter, export and import controls, exchange management and quotas." These conditions, he maintained "contemplate a trade battle of giants between the United States and Great Britain, each government dealing through its traders in a great warfare of trade and commerce." "This program," said Mr. Taft, "the Department of State cannot accept."

"The same kind of talk," he continued, "greeted the beginnings of the program of reciprocal trade agreements 10 years ago. In spite of the same kind of opposition the program worked, and made the first intelligent, and, on the whole, non-political reduction in trade barriers in our history, with a corresponding increase in beneficial exchanges of goods.

"Now we need a similar act of faith, and Great Britain is the country whose support we must have in getting away from this economic warfare in trade controls. The rest of the world can manage with one great state trading nation (Russia), but not with two. There are very strong elements in the United Kingdom who feel that England must go to a barter economy after the war to save its very life. Others equally influential support the trade policies which are the official program of this Government, with strong bipartisan support. But those who support our position are up against real problems in the United Kingdom after hostilities stop. I have spoken of the threatened avalanche of claims for blocked sterling in payment of war debts. Equally serious is the necessity for Britain to export in order to pay for the things they must have to live. Their imports are their lifeblood which the Germans have tried in two wars.

(Continued on page 507)

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
Abitibi Power & Paper Co.
Brown Company
Electrolux
Fanny Farmer Candy
International Utilities
Minnesota & Ontario Paper Co.
Noranda Mines
Steep Rock Iron Mines, Ltd.
Sun Life Assurance Co.

Bank of Montreal
Bank of Nova Scotia
Canadian Bank of Commerce
Royal Bank of Canada

Aldred Inv. Tr. 4½s, 1967
Inv. Bond & Share 5s, 1947
Int'l Pr. & Ppr. of NF 5s, 1968

HART SMITH & CO.
52 WILLIAM St., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

American Water Wks. & Elec.
5s, 1975
Community Water Service
6s, 1946
East Coast Public Service
4s, 1948
Eastern Minnesota Power
5½s, 1951
Peoples Gas Co. (N. J.)
5s, 1968
Tyler Building (N. Y.)
6s, 1953
Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York 5, N. Y.
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Dominican
Republic 5½s
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1961 1969
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GUDE, WINMILL & CO.
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DIgby 4-7060 Teletype NY 1-955

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General Tin Investment
Tokheim Oil Tank & Pump Co.
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Frederic H. Hatch & Co.
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Bell Teletype NY 1-897

Public National Attractive

Stock of the Public National Bank and Trust Company of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

UTILITY PREFERREDS

PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

Public Utility Securities

Competition For Utility Financing

Following the lull during the War Bond drive, a substantial amount of utility financing has recently been under way, and a large number of deals are being lined up for 1945 by banking groups anxious to enter bids when the issues become available.

Despite the difficulties and dangers due to the Attorney-General's adverse interpretation of the price maintenance clause of the standard underwriting agreement—an established Wall Street policy for decades—investment banking houses still seem anxious to head utility syndicates. There is a substantial volume of business and frequently the same group can handle a series of similar deals, which tends to standardize the business. A substantial part of the issues are high grade and are largely taken by institutions. Since the latter are "sophisticated buyers" no great amount of selling propaganda is usually necessary. Successful bidding involves careful statistical comparison with similar issues combined with shrewd appraisal of current market conditions. Occasionally the insurance companies may become "fed up" with new issues and show sales resistance; then it may be necessary to do an old fashioned "plugging" sales job. But there has been no very serious upset in the high-grade corporate bond market since the fall of 1939 (when the prices suddenly dropped some 13% and recovered almost as quickly) and issues which proved temporarily sour can eventually be liquidated.

Recently there has been developing somewhat of a scramble for new business, at least for the larger issues where the manager's fee constitutes a "plum." After F. S. Moseley & Co. had spent a considerable period of time studying Brooklyn Union Gas's financial problems and setting up a refunding plan, Halsey Stuart suddenly entered the picture and offered a higher bid, with a proviso that the issue be thrown open to competitive bidding (which they have long favored). Conversely, when Commonwealth Edison recently announced that it was planning to refund its large issue of 3½s, First Boston immediately began forming a group, although in the past Halsey Stuart have acted as bankers for the company. Competition is also developing for the large Philadelphia Electric and Philadelphia Electric Power refunding operations, though in the past the Morgan - Drexel - Mellon group have enjoyed virtually a monopoly of these companies' financing.

A recent financial page of the New York "Times" (July 27) seemed reminiscent of the halcyon days of 1929 — it included four substantial utility offerings and one municipal. Issues now tentatively scheduled for August and September include the following:

$10,000,000 Birmingham Electric bonds.

$12,000,000 Indiana & Michigan preferred stock.

$10,600,000 Empire District Electric 1st 3½s, 1969.

$15,000,000 Mississippi P. & L. bonds.

$22,000,000 Laclede Gas Light bonds.

$48,000,000 Ohio Edison bonds and preferred stock.

$16,000,000 Capital Transit bonds.

$31,000,000 Philadelphia Electric Power bonds.

$9,500,000 Gulf States Utilities preferred stock.

$4,000,000 Florida Power Co. preferred stock.

The volume of financing planned for October-December and the first few months of 1945 would make a list several times as large as the above. But frequently the requirements of the SEC, the FPC, and the local commissions prove unexpectedly onerous or troublesome, so that refunding timetables are not very accurate; some issues which are confidently planned may be subjected to long delays, or eventually cancelled.

Interesting Rail

Raymond & Co., 148 State Street, Boston, Mass., have issued a special analytical letter of Baltimore & Ohio 4½s of 1960. Copies of this interesting letter on the situation may be had from Raymond & Co. upon request.

Carey Mfg. of Interest

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting report on Philip Carey Manufacturing Co. common stock. Copies of this report may be had from the firm upon request.

Fashion Park Attractive

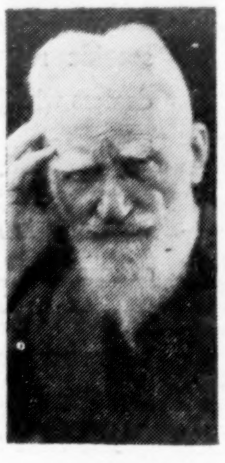
A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.

Associated Gas & Elec. all issues
Crescent Public Service 6s 1954
Portland Electric Power 6s 1950
Lincoln Building Corp. 5½s 1963

GILBERT J. POSTLEY & CO.
29 BROADWAY, NEW YORK 6, N. Y.
Direct Wire to Chicago

No Present Assurances For Lasting Peace Seen By Shaw—Would Treat Germany Decently

George Bernard Shaw sees no assurances by any measures at present possible for a lasting peace. He also expresses the view that "even a post-war alliance of the Big Four cannot be assured." He contends that if Germany is defeated, we should treat her decently; "she cannot," he says, "be treated as a criminal — at least not lawfully—because war is not a crime by the law of nations."



Geo. Bernard Shaw

Mr. Shaw's views appeared in the New York "Sun" of July 26, which in presenting them said parenthetically:

George Bernard Shaw, one of the world's great literary figures, called the "Literary Bad Boy" and "Professional Irishman," is 88 years old today. Asked for his views on certain post-war problems, he replied to the Associated Press in shorthand, with a note saying he had no time to transcribe it.

The following are the views of Mr. Shaw, as given in London advices July 26 to the "Sun":

Do I believe a lasting peace can be assured by a close-working and vigorous post-war alliance of the Big Four—Great Britain, the United States, Russia and China?

No. A lasting peace cannot be assured by any measures at present possible. Even a post-war alliance of the Big Four cannot be assured. The people who clamor for assurances and security are public nuisances.

Whatever arrangements follow the war we must still live dangerously, whether we like it or not.

Questions and Answers

To a series of questions, Mr. Shaw wrote the following replies:

Question—Should Germany be totally disarmed and split into small, separate states such as existed before they were united under Bismarck?

Shaw—No. If disarmament and disintegration are desirable for Germany they are desirable for all the big Powers as well. None of them will consent to it. The sort of armament that decides modern wars is so enormously expensive and needs such a big organization of industry that small states are virtually disarmed at present, and America and Russia hold the balance of military power. All this talk about disarmament is a hundred years out of date.

Question—Should the German people be permitted to choose and elect their own form of government immediately after the war? Or should there be an interim government of Great Britain, the United States and Russia? For how long a period?

Shaw—If the German people are not permitted to choose and elect their own form of government, the government must be imposed on them by the Allies, in which case it will not be their own form of government. It will be like our Indian civil service, the only available model, except that the nationality of its members will be mixed. This would end as Indian service is ending.

As none of the Allies except Russia has yet succeeded in governing itself decently or even feeding its whole population sufficiently—India has just lost two millions of people through a preventable famine—we could hardly pretend to be better able to govern Germany than the Germans. The interim government will be simply martial law.

Question—What should be Germany's post-war relationship to the rest of the world? Should she be treated as a criminal, brought to book, and taught a lesson she will never forget? Or should she be forgiven, once Nazism has been cast out, and freely accepted into the family of nations?

Shaw—If Germany is defeated, her relationship to her conquerors will be that of a wounded prisoner of war to his captors. When we take such a prisoner we give him every care and attention until he is cured, exactly as if he were one of our own soldiers.

That is how we shall treat Germany if we have any sense. She cannot be treated as a criminal—at least not lawfully—because war is not a crime by the law of nations.

If we let loose our vilest passions and indulge in an orgy of plunder and revenge we shall pay for it and be sorry after.

Nazism will not be cast out, as we and the Americans are steeped in it; but we may prosecute Jew-baiters and drive out Hitler as we drove out Napoleon and the Kaiser. But he need go no further than Sweden or Ireland and die in his bed unless he is killed in the field as the Mahdi was.

[Note—By Muslim tradition, Mohammed declared that one of his descendants would fill the earth with equity and justice and bear the name Al-Mahdi. Down the ages many imposters have claimed the title.]

Question—What should be the punishment of German war leaders and how far down into the ranks should the punishment extend?

Shaw—Punishment for what? For being war leaders? Do you think that the heavy job of restoring half-ruined Europe could be done by persons with their heads full of punishment? The least hint of such a preoccupation should disqualify a diplomatist from taking any part in the organization of peace.

Question—Should Germany be made to help rebuild the cities she destroyed?

Shaw—Germany will hardly be able, without our help, to rebuild German cities we have destroyed. Do you suppose that when we have finished demolishing Berlin and left its inhabitants to wander homeless, begging for a morsel of black bread and some thin soup, we could make them rebuild Berlin and London as well? Not unless you lend them the money to do it with. That is, to rebuild the reparations policy of the last war, which led to Germany, after losing the war, winning the peace and making a springboard for Hitler's takeoff.

Question—Do you favor a prolonged armistice, rather than an immediate formal peace, and how long should Allied troops occupy Germany?

Shaw—This is a mug's alternative. As long as war lasts as an institution no peace can be anything but an armistice.

Question—Should German schools, films, radios, books, etc., be prohibited from teaching racialism, as a bar to recurrence of Hitler's credo of "German supermen?"

Shaw—No. Such a prohibition would stimulate the teaching and intensify the following instead of suppressing them. All nations and races regard themselves as herrenvolk. The English and Americans are more conceited in this respect than even my countrymen, the Irish.

Question—Do you believe that the Germans — under whatever guise—will always produce an imperial Kaiser or dictator to lead them in plunging the world into war.

Shaw—All unhappy and suppressed nations will run after any able adventurer who promises to deliver them. Our business, therefore, is not to make any nation unhappy or suppress it. If we had not suppressed Germany after 1918 there would have been no Hitler. And Hitler would have been as successful as Julius Caesar if, like Caesar, he had made the people he conquered happier than they were before.

Qestion—How do you think Germany can best be prevented from springing again at the throat of Europe?

Shaw—Treat Germany decently. Then she will not want to spring at our throats.

Do not forget that Hitler, even if he be defeated and slaughtered, has made us pay a dreadful price for the cowardice that moved us to kick Germany when she was down after 1918 instead of helping her to her feet again.

We are promised an Atlantic Charter to redeem the world from fear. The world will not be redeemed from fear by ignoble bunk, which is what is the matter with our retribution merchants today.

Sen. Taft Supports Wagner In Move To Delay Congress Action On International Monetary Plan

Noting that the powerful support of Robert A. Taft, Chairman of the Senate Republican Steering Committee, was added on Aug. 1 to a Democratic proposal to delay until after the election any Congressional action on the Bretton Woods international monetary agreement, United Press accounts from Washington on that date, in the New York "World-Telegram," said:

"Senator Robert F. Wagner (D., N. Y.), Chairman of the Senate Banking Committee and a delegate to the monetary conference, is urging his colleagues to shelve the agreement during the campaign months because it is 'too important to the world to become a political football.'

"Senator Taft, who declared two weeks ago that 'many members' of Congress would find the agreement unacceptable, nevertheless agreed with Senator Wagner that it would be wise to divorce the controversial issue from politics. The Ohio Senator said, however, that he intends to issue a statement within the week to list his specific objections to the monetary accord.

"If Senator Wagner's plan prevails, the agreement may not be considered until the new Congress convenes in January.

"Senator Taft said the pact was 'extremely involved' and would require extensive hearings and considerable debate.

"He declined to reveal in advance his specific objection to the agreement, but it was understood from other sources that he is against a section which permits nations to deflate their currencies at least 20% without regard to the wishes of the Board of Governors of the International Stabilization Fund.

"Another section believed to have aroused Senator Taft's opposition would deny a nation the right to take its internal economy situation into account in devaluing its currency."

Congress Reconvenes—Call Issued To Senate Committee For Meeting Aug. 3

Incident to the reconvening of Congress on Aug. 1 following its recess incident to the Republican and Democratic Conventions, telegraphic messages were sent to members of the Senate Military Affairs Committee, calling for their return to Washington by Thursday (Aug. 3) to attend a meeting of the committee to act on the legislative reconversion program. A joint call issued by Senator Robert R. Reynolds, Chairman of the committee, and Senator Alben W. Barkley, majority leader, said:

"It is imperative that members of the Senate Military Affairs Committee return to Washington at once in order that proper consideration may be given to vital and indispensable legislation dealing with reconversion, demobilization and surplus property disposal, bills concerning which are now pending in the Military Affairs Committee.

"As a result of the urgency of this legislation, the committee is meeting Thursday, Aug. 3, at 10 a. m., and we urge you to be present. This is the most important problem now facing Congress and must be dealt with without delay."

Under date of Aug. 1 advices from Washington by Samuel W. Bell to the New York "Herald Tribune" said, in part:

"Congress, back from its recess over the period of the political conventions and pledged by its leadership to early enactment of demobilization and reconversion legislation, ran into the first phase of a stiff battle today over the part unemployment compensation will play in the post-war readjustment program.

"The issue was the old controversy over State vs. Federal control of unemployment benefits, and led immediately to a sharp Senate debate, the issuance of several statements and a series of maneuvers by the sponsors of the several pending reconversion bills seeking preferential position for their respective measures.

"In the first move, Senator Walter F. George, Democrat of Georgia, Chairman of the Senate Finance Committee and also of the special committee on post-war planning, introduced a new bill designed to divorce unemployment compensation from other phases of reconversion legislation.

"Referred to the Senate Finance Committee, which will meet tomorrow presumably to draft a report on the measure, Senator George's action was taken apparently to meet a maneuver of the War Contracts Subcommittee of the Senate Military Affairs Committee, headed by Senator James E. Murray, Democrat of Montana, and composed of Senator Harry S. Truman of Missouri, Chairman of the Senate's War Investigating Committee and Vice-Presidential nominee of the Democratic party, and Senator Chapman Revercomb, Republican of West Virginia.

"In any event, the George action prompted the Murray subcommittee to make public a printed report in which Senators Murray and Truman had approved, for the consideration of the full Senate Military Affairs Committee, the Kilgore reconversion bill and a new measure by Senator Murray differing from the Kilgore bill only in omission of a provision for disposition of surplus property. The provisions on retraining and reemployment in the new Murray bill are the same as those in the Kilgore bill, Senator Murray said.

"Senator Revercomb, while joining in the subcommittee's recommendation for immediate action on reconversion legislation, filed a minority report in which he opposed features of the Murray and Kilgore bills. In addition, it was indicated that at a meeting of the Republican members of the Senate today it was agreed to support the position taken by Senator George, and such support was voiced later on the floor by Senator Arthur H. Vandenberg of Michigan, Chairman of the Republican caucus."

The recess of Congress on June 23 was referred to in our issue of June 20, page 2700.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

Attractive Situation

Common stock of Federal Water & Gas offers an interesting situation, according to a memorandum issued by Boenning & Co., 1606 Walnut St., Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this memorandum may be had from Boenning & Co. upon request.

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Railroad Securities

The financial community early this week was faced with another example of the strong disinclination on the part of the managements of many of the railroads undergoing reorganization to give the creditors the direct advantages of the cash accumulating under the stimulus of the war boom. A few weeks ago we mentioned in this column the case of St. Paul where the trustees claimed, in the face of estimates of very substantial earnings in 1944, that there would not be sufficient cash on hand to pay off the RFC loan. The latest example is the Seaboard Air Line.

Some weeks ago a group representing the Atlanta & Birmingham divisional bonds petitioned the court to set aside $15,000,000 of excess cash to acquire, through calls for tender, six of the eight outstanding divisional liens. As these six underlying liens included most of the creditor groups which have expressed dissatisfaction with their treatment under the plan of reorganization, it was felt that such an operation would eliminate most of the controversy and expedite the reorganization proceedings. At the same time, it would improve the status of the remaining so-called general liens of the Seaboard in releasing additional new securities for reallocation to them.

Reacting in much the same manner as the trustees of the St. Paul, the receivers of Seaboard Air Line objected to the setting aside of $15,000,000 for this purpose on the grounds that the cash was not available without impairing the position of the company. The court also apparently considered that the call for tenders might disrupt the entire reorganization plan which it approved some months ago. The petition was therefore denied. Many rail men were amazed at the contention of the receivers that the estate did not have sufficient cash to justify the setting aside of $15,000,000 for retirement of the divisional liens.

In the court hearings on the reorganization plan last summer and fall the receivers had made estimates of the road's probable 1943 year-end cash position in conjunction with the cash needs of the reorganization plan, including payment of the old Receivers' Certificates. Based on these estimates it was determined just how much cash the estate could afford to distribute as of the end of 1943. Actually the cash on hand at the end of the year turned out to be about $10,000,000 greater than the receivers had estimated. It was considered, logically, that this $10,000,000 cash that the receivers had not foreseen could be utilized further to simplify the reorganization proceedings. To this fund would be added the excess cash to be released from 1944 earnings. The receivers are estimating earnings of approximately $20,000,000 this year after taxes.

The refusal of the court to authorize calls for tender of the underlying liens was disappointing to many followers of the Seaboard reorganization. Nevertheless, many rail men continue to hold a constructive attitude towards the road's bonds. For one thing, even if the cash is not to be used for the benefit of creditors now it remains in the estate and will eventually will have to be turned over to the bondholders when they become the owners of the reorganized company. In the second place there is the likelihood of important decisions shortly looking towards acceleration of the reorganization tempo.

The only concern of the Interstate Commerce Commission in receivership proceedings is approval or disapproval of the new capitalization as a whole. This phase the Commission has had under consideration for some time. A decision is expected momentarily. If the capitalization is approved the reorganization managers will then be free to start seeking deposits of bonds in assent of the plan, Approval of the capitalization will also presumably mean institution of when-issued trading in the new securities which, in itself, should stimulate speculative interest in the old bonds. Finally, it is believed that the Circuit Court of Appeals will hand down decisions within the next few weeks on the appeals from the plan filed by two groups of divisional lien holders. It is generally expected that the plan will be upheld in these appeals.

Forms Norbert Smith Co.

Norbert W. Smith has formed the Norbert W. Smith Co., with offices at One Broadway, New York City, to engage in a securities business. Mr. Smith was formerly with F. J. Rabe & Co. and the Central Hanover Bank & Trust Co.

W. J. Earl Opens

LOS ANGELES, CALIF. — William J. Earl, member of the Los Angeles Stock Exchange, is engaging in a securities business from offices at 124 West Sixth St. Mr. Earl in the past was a principal of Wm. Jarvis Earl & Co.

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Attractive Situations

Laclede-Christy Clay Products Co. common, which is listed on the St. Louis Stock Exchange, offers an interesting situation, according to a memorandum issued by Herzog & Co., 170 Broadway, New York City. Copies of this memorandum and also circular on Bartgis Bros. and Federal Screw Works may be obtained from Herzog & Co. upon request.

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Real Estate Securities

By JOHN WEST

First Mortgage Fee Bonds On Mayfair House Pay 2% Additional Interest, 5% For Year, As Forecast By This Column In September, 1943

In the Sept. 30, 1943, issue, we called attention to the "Bright Future For Apartment Hotel Securities—Changes Brought About By War and Economic Conditions Reacting to Benefit of This Type of Real Estate." To illustrate our viewpoint, the Mayfair House was used as a typical example. The bonds were selling under 40 and in our opinion were underpriced. We forecast earnings sufficient to pay the 3% fixed interest and 2% additional interest. The bonds now around 48 we believe are still attractive as 5% interest was earned and paid for the fiscal year ended June 30, 1943, from income received on an 87% average occupancy basis.

We quote part of the article that previously appeared.

"Apartment hotel properties have for many years been extremely popular but their occupancy has been subject to considerable fluctuation as many of the leases have been for only fall, winter and spring months. Many suburbanites have closed their houses in the country during the late fall and winter months as living in the city during such periods proved more convenient and comfortable. As a consequence, many such properties, although maintaining a fair average occupancy in the full year period, ran at a very low occupancy during the summer, usually operating at a sizable loss in this slack period, even though on a yearly basis charges were earned.

"The effect of the war, changing economic conditions, servant problems, the gas shortage, etc., has reacted to change the mode of living of both city and suburban dwellers. The answer to these problems seems to be solved by the apartment hotel which can offer the homelike surroundings without the inconveniences and problems which confront a family today in maintaining a house or larger city apartment.

"A survey made of these properties shows that as of the new October 1st renting season, occupancy has shown a considerable increase and what is more promising is the fact that a larger proportion of leased space is now on an annual basis than ever before. This condition will naturally produce larger earnings for the properties.

"We are using the Mayfair House, Park Avenue at 65th Street, New York City, to illustrate this type of property, as in comparison to other comparable properties, it seems to be in a position to derive the most benefit from the changed conditions as its funded debt capitalization per room of only $6,300 is about $2,800 per room lower than one of four other properties used in the comparison and $700 under the next lowest property.

"The average occupancy of the Mayfair House for the fiscal year ended June 30, 1943, was 80% but during this period yearly leases in effect amounted to only $172,000 compared to yearly leases as of Oct. 1, 1943, amounting to $259,000.

"We believe that existing conditions will prevail for this type of property for some time to come and as the trust mortgage provisions are particularly favorable to bondholders, the increased earnings should produce sufficient funds to pay in excess of 5% annual interest and to provide for reduction of the mortgage through sinking fund operation. The mortgage indenture provides for fixed interest at the rate of 3% per annum with additional interest payable Aug. 1 at the rate of 2% per annum to the extent that net income is available. In addition to the fixed and additional interest, totaling up to 5% per annum, the indenture makes provision for participating interest from available remaining net income, such surplus above 5% on the bonds to be used in the following manner:

25% of such surplus for participating interest

50% of such surplus for sinking fund purposes

25% of such surplus for corporate purposes.

providing, however, that while any accumulated interest remains unpaid, the portion of the net income allocated to corporate purposes shall be deposited with the Trustee to be applied and distributed to bondholders to liquidate any unpaid accumulations. At the present time, these accumulations unpaid for the 1938 through 1940 mortgage years amount in total to $21.55 per $1,000 bond."

Prentiss M. Brown Forecasts A Federal Debt Of 300 Billions

Former Senator And Finance Committee Member Criticizes Illogical Government Bookkeeping And Estimates A Post-War Federal Budget Of 22 Billions, Allowing 65 Years To Liquidate Debt

Taking a realistic look at post-war Government finance, former Senator Prentiss M. Brown forecast a maximum Federal public debt three hundred billion dollars, or $2,250 per capita. Further, he stated that Federal obligations will take approximately 65 years to liquidate under probable circumstances. However, Mr. Brown told his audience that the people of America have nothing to fear in connection with our Government's ability to remain solvent and liquidate a three hundred billion dollar debt. "A free people working together with the largest and finest natural and production resources in the world can and will meet this obligation."

Prentiss M. Brown

Mr. Brown, former member of the Senate Finance Committee who passed the Public Debt Act of 1939, fixing the total at sixty-five billion dollars, spoke before a War Bond Rally for employes of The Detroit Edison Company, of which he is Chairman of the Board.

The most pressing financial burden on the American people, he said, "is the public debt of our Federal Government. States, counties, and cities generally are in a much better financial condition than is our national Government. We should avoid dipping further into the Federal Treasury. When the local authority has to raise what it spends, it is much more careful than when the money comes from Santa Claus. . . ."

The present view of Government financial experts, he observed, "is that unless the war ends quickly, the debt of the Federal Government will reach three hundred billion dollars, about $2,250 per capita. This per capita figure includes every infant, school child, inmate of institutions, the indigent, aged and non-thrifty. The present Federal debt limit is two hundred sixty billion dollars. "Obviously," he stated, "heavy tax levies will be required to meet this obligation."

"The annual cost of running our Federal Government following the war, after the change from a large military establishment to a peacetime establishment," Brown stated, "should average about twelve billion dollars for current expenses exclusive of interest and retirement of Federal debt."

"It must be remembered," he added, "that our Government is a very illogical bookkeeper. In its published figures no distinction is made between a capital expenditure, such as a post office building, and an operating expense such as Government salaries. They are lumped as Government expenditures."

"I tried to change this," Brown commented, "but it will be years before we have a logical Government financial statement. The dollars that buy a cannon shell which is spent on the field of battle, are classed and treated just the same as the dollars that build a canal which will benefit the nation for decades."

"The cost, under this bookkeeping system, of running our Federal Government during the rather difficult pre-war years (1930-1939) averaged about six and one-half billion dollars a year. In my estimate of yearly post-war expenditures I have nearly doubled this figure to twelve billion. After World War I, expenditures dropped from eighteen billion dollars in 1919 to six and one-half billion dollars in 1920, and five and one-half billion dollars in 1921.

"Tax receipts at the present from all Federal Government sources, approximate forty-four billion dollars per year. It is probable that income tax rates will be reduced and certain taxes will be eliminated entirely, as for example, 'excess profits taxes' which theoretically are supposed to be war profits."

Mr. Brown preferred not to predict what the effect of peace will be on the national income other than to say that, "quite generally it is believed the national income will be reduced. Assuming a reduction of fifty per cent in our tax receipts in the post-war years, based on the aforementioned assumptions as to reductions in tax rates and national income, we reach one-half of the present Federal income, or twenty-one billion dollars. I estimate that from our twenty-two billion dollar income, twelve billion dollars per year will be needed to operate the Government, which leaves ten billion for debt retirement and interest. Assuming an average interest rate of 2 per cent on Federal obligations the debt could be paid in about 50 years on a straight-line amortization basis but, allowing for the more probable conditions, it will take approximately 65 years for the ten billion dollars to meet the interest and pay off the debt."

"The above is not a prediction," Brown hastened to add, "but merely some probabilities as to what our Federal Government's post-war financial condition may be. Experts will shoot at any prediction, but the above is not far off the probabilities."

Cotton Spinning For June

The Bureau of the Census announced on July 20 that according to preliminary figures, 23,280,584 cotton spinning spindles were in place in the United States on June 30, 1944, of which 22,373,494 were operated at some time during the month, compared with 22,387,784 for May, 22,411,922 for April, 22,568,308 for March, 22,513,300 for February, and 22,769,238 for June, 1943. The aggregate number of active spindle hours reported for the month was 9,712,189,574, compared with 10,060,478,468 for last month and 10,713,724,479 for June, 1943. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during June, 1944, at 118.5% capacity. This percentage compares, on the same basis, wtih 119.0 for May, 124.9 for April, 122.0 for March, 123.3 for February, and 130.0 for June, 1943. The average number of active spindle hours per spindle in place for the month was 417, compared with 432 for last month and 458 for June, 1943.

Calls For "Open Door" Economic Policy To Maintain Peace

Prof. Eduard C. Lindeman Of Columbia University Declares That "Peace Schemes, World Plans Or International Law" Will Be Ineffective Without Cooperative Action Of Proposed International Agencies—Sees Danger That "The Internal Frictions And Tensions Of American Life" May Make Us Incapable Of Performing Our International Duties

Addressing a forum meeting of the State Citizens Conference at Colgate University at Hamilton, N. Y., on July 30, Eduard C. Lindeman, Professor of Social Philosophy at the New York School of Social Work of Columbia University, expressed grave doubts whether the three great military powers in the immediate post-war period will succeed in maintaining "a perfect peace" unless they are prepared to alter their conduct and policies, and set in motion a certain number of functional international operations during the decade following hostilities." Among these operations, he stressed the need for an "open door" economic policy, the elimination of tariffs and new immigration policies.

Eduard C. Lindeman

"With respect to the problem of peace," Professor Lindeman remarked, "there will be, as usual, three typical attitudes: First, there will be **pessimists** who will assume that no workable plan for peace can be devised; second, there will be **perfectionists** who will assume that the ideal plan for peace has already been invented, probably by themselves, and that no other plan is worth discussing; and, finally, there will be **pragmatists**, realistically-minded persons who will not sacrifice everything in order to have their way. I align myself unhesitatingly with the realists."

"We shall not inherit a perfect peace from this war," Professor Lindeman cautioned. "As a result of this war the nations of the world will be so far unbalanced in terms of military power that three great sovereign states will be able to dictate any terms they wish. These three great powers will be Russia, Great Britain and the United States. When the war ends these three nations will be in possession of practically all effective heavy weapons in existence. Heavy armaments, battleships, tanks and fighting planes—without which no modern war can be successfully waged—will be the property of the Big Three. Even if this combination of unprecedented military strength were in the hands of the most altruistic and peaceful governors, its mere existence would constitute a threat to peace. The only condition under which peace could possibly be guaranteed with military power thus concentrated would be complete disarmament. Does any one in his right mind believe that Russia, Great Britain and the United States will disarm after this war?

"The time has come, I believe, when peace-loving citizens should cease to place their confidence in peace schemes or world plans or international law as the chief sources of peace. In our complicated world peace will be derived, not from **a priori** structures, not from idealistic agreements or pacts. The only fruitful hope for peace lies in functions. Peace has to be built and the building-stones must be items of action, not words. The achievement of peace is a slow and arduous process, and those who dedicate themselves to this goal must be prepared to alter their own conduct. My chief concern at the moment is with the behavior of my fellow-American citizens. What I want to know is whether you, even those of you who claim to be ardent proponents of world organization, are prepared to pay the price which peace will entail? Are you, in other words, ready to move towards peace, not with pious wishes and exalted hopes, but with actions the consequences of which will be peaceful?"

Referring to the prospects of an enduring peace, Professor Lindeman said that although "people talk about the possibilities of war 20 years from now, my worry does not reach that far." "My chief misgivings," he explained, "are attached to the immediate post-war period. I believe firmly that if we can prevent war and set in motion a certain number of functional international operations during the decade following hostilties, something like a prolonged, if not a permanent, peace can be achieved. The danger period is not a quarter century away; on the contrary, it is precisely in that period when war is itself a living and a haunting memory, that period which is often called reconstruction but which invariably turns out to be its antithesis. The present war did not begin in 1939. It began in the 1920's, and one of its seats of origin was the United States, not Europe or Asia. It was during those fateful years that we thought it was possible to talk peace on the one hand and increase our tariffs on the other. It was during those years that isolationism became an American pathology, when we thought there could be a peaceful world in which we refrained from cooperative action. Do you imagine that those same fallacies and contradictions can be repeated in the 1940's? I do, and I go even further. I believe that the internal frictions and tensions of American life may become so sharp during the post-war period that we may find ourselves completely incapable of performing our international duties."

"It will be seen from the above that I do not dissociate domestic from international problems. This type of thinking is in itself one of those non-realistic contradictions which retards peace. No, what I ask you to consider as your responsibility in relation to peace is not some fine-sounding resolution but rather whether or not you are prepared to act in certain specific ways. My approach to you is pedagogic, since I assume that we are now operating within an educational context. My method is Socratic. I have in mind six concrete questions which I should like to ask, and if you give affirmative answers, and are thereupon willing to strive to convince your fellow-citizens that they should do likewise, then my hopes for peace will mount. If, on the contrary, you are not willing to act towards peace in this positive manner, then I shall conclude that peace in our time is a futile dream.

"My questions are:

"(1) Are you prepared to admit that the three great surviving military powers of the world (Great Britain, Russia and the United States, and China as a fourth partner although on other than military grounds) must maintain the peace of the world during the period of transition and until such time as a comprehensive world federation is brought into existence?

"(2) Are you prepared to build functional international organizations or instruments now? As examples of such functional instruments I may mention:

- (a) international agencies for the continuation or liquidation of lend-lease contracts;
- (b) an international board of economic allocation for implementing Article IV of the Atlantic Charter;
- (c) continuation of the Food and Agriculture agreement;
- (d) continuation of an international relief and rehabilitation agency;
- (e) establishment of an international office of education.

"(These are all international actions already under way or provided for in preliminary consultations. I ask whether or not you are in favor of their continuation, their internationalization?)

"(3) Are you prepared to labor on behalf of an open-door economic policy for the United States on a partial basis, that is, allowing for the free movement of a certain number of manufactured articles over a period of years, the selection of commodities to be made by scientists and in terms of standards of living?

"(4) Are you prepared to follow a similar course with respect to raw materials?

"(5) Are you prepared to labor on behalf of a new immigration policy for the United States, a policy which begins by eliminating all inferences of inferiority with respect to any people but a policy which retains the right of the United States to maintain quotas?

"(6) Are you prepared to labor on behalf of racial equality within the United States?

"These are not easy questions to answer in such manner as to make sure that your verbal response and your ensuing actions are to coincide. I have purposely selected a list of minimum requirements. My ideal goes much further. I have selected a small number of essentials without which peace, it seems to me, is impossible. In doing so I do not ask you to abandon your ideals. All I ask is a determination that you will work on behalf of these minimum requirements. And, while you are contemplating your answers, may I remind you that these fundamental decisions will sooner or later arise as issues in the Congress of the United States, the political body which represents you. And, while this prospect is before you, may I also ask that you keep in mind that those portions of this program which will call for treaty agreements can be defeated by one-third of the votes of the United States Senate."

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Outlook For Bonds

(Continued from page 483)

draws nearer. Because of the almost constant political upsets, characteristic of the Latin-American countries, South American bonds have never appealed to me. There are far better opportunities in our own domestic securities than in foreign governments or industrials.

Medium-Grade Bonds

With continued heavy calling of top-grade corporate bonds, the dwindling supply of these issues, plus their low yields, resulted some two years ago in attention being focussed upon medium-grade industrial, utility and rail bonds. All of these groups have had substantial rises since the middle of 1942; but the prices of many medium-grade industrials are now flattening out. This is also true of medium-grade rail bonds, while medium-grade utilities have actually turned slightly downward in the past two months.

Of all the medium-grade groups perhaps the utilities offer the best opportunity at the moment. Entirely aside from the cleaning up of the balance sheets of many utility companies, it must be remembered that we are in an Election Year. If the war ends prior to November and the Dewey-Bricker ticket has a resulting good chance of being elected, then utility bonds, let alone utility stocks, should enjoy great popularity. In fact, from a psychological point of view, utility bonds may rise anyway.

Railroad Bonds

Disregarding top-grade railroad bonds, second-grade rail issues may show further strength insofar as well placed issues are concerned. Unquestionably, the financial position of most railroad companies has been greatly improved. Many short-maturity issues have been bought in by railroad companies and interest charges after the war may be considerably less for many roads than was true in pre-war days. On the other hand, traffic is bound to fall off and many second-grade rail bonds should sell for less than at present.

Defaulted Rail Bonds

Since the earlier months of the year, defaulted rail bonds have not shown the activity that was characteristic of them in 1943. In fact, for the past several months, they have moved in a distinct sidewise direction. Some of these bonds are now selling well under the estimated work-out values and common stock that will be issued upon the termination of receiverships. The purchase of defaulted rail bonds always requires both study and courage. The profit cream may be off such issues but there may be considerable milk still left in the defaulted railroad bond bottle.

Long-Pull Outlook

For all bonds, except possibly for certain rail bonds, the long-term trend of bond prices is downward. Any decline, however, will be gradual. Until the tax laws change, we will see little change in the situation with respect to tax-exempt issues. Low-grade rail bonds are probably the most vulnerable of all issues for they may early reflect the decrease in rail tonnage which peace is bound to bring. Least affected should be the long-pull transcontinental roads. Bonds of short-haul Eastern roads may all be a better sale today than they are a buy!

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number forty-two of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Forum On Wheels

A most excellent listening-post the Pullman smoking compartment—for a fellow who knows how to listen. For instance, on a recent trip to Washington, we tuned in on a rather animated discussion which covered a variety of subjects, all of them pertaining to the present dislocations in our stay-at-home lives. There were criticisms and encomiums, and a good measure of griping about this and about that. These are days of open forums—on the air and in the press. Wherever men and women gather, events are discussed and opinions are voiced. And always present is the well-known American's privilege of "griping."

Well there was something rather outstanding in this recent incident in a smoking compartment. There sat a middle-aged man next to the window, who had not participated in the general discussion. Not a word from him, i.e., not until we had about reached our journey's end. Then he said he had been in America just a short while. Quite miraculously he had worked his way from Germany into France, into Spain, into Portugal, and from there into South America, and finally into the United States. He found refuge here.

With considerable emotion he tried to make us understand his feelings after listening to the discussion. He could hardly believe what he had heard. Men actually spoke out loud—with their voices, and their tongues. Where he came from, and all down the line of his travels—men spoke too, but not out loud. They spoke "with their eyes, with a shrug of their shoulders, with a bite of the lips."

How lightly, how smugly, and with what matter-of-factness do we in America accept what is ours.

Rarely ever has this recorder failed to find a highly interesting and informative open forum discussion in a Pullman smoker. Dear Mr. Pullman, don't ever do away with smoking compartments in your cars!

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Rumblings From The Street

Although the usual summer dullness exists at the present time, there are some interesting items of business taking place or in the making.

The following companies have been reported considering refunding operations:

Metropolitan Edison Co.—Its outstanding bonds and preferred stocks.

Pennsylvania Edison Co.—The outstanding 1st mortgage 4½s of 11-1-1977 and 5s of 5-1-1979.

Philadelphia Electric Co.—The outstanding 1st and refunding 3½s of 3-1-1967.

Philadelphia Electric Power Co.—The outstanding 1st mortgage 5½s of 2-1-1972.

It is the general feeling that these refunding operations will be completed before the end of the year.

Market Street Elevated Passenger Railway Co. 1st mortgage 4s, due 5-1-1955, continue to be one of the most popular issues with the dealers for retail purposes. At the present market (105) this 11-year maturity provides above-average yield (3.42%) quality considered (BAA).

Outstanding in the amount of $10,000,000, this issue is secured by a first mortgage on the high speed line serving heavy east-west passenger traffic in central Philadelphia. It is assumed by the Philadelphia Transportation Co., which reported over-all coverage of fixed charges for year ended Dec. 31, 1943, at 1.62 times, against 1.53 times in 1942. Bonds are free of Pennsylvania personal property tax.

The bank stock dealers report considerable activity in many of the local bank stocks. The proposed split up of First National Bank of Philadelphia stock on a 10 for 1 basis should tend to make a more active market in the new shares, which will be on a $1.60 dividend basis. There has been considerable buying in this issue recently, forcing the price of the shares up over 25 points in the last couple of weeks.

Activity has been extended into the shares of Girard Trust Co., Philadelphia National Bank, Pennsylvania Co., and Central Penn National Bank. In spite of the usual dullness that prevails in the summer months for investment securities, the demand for the shares of the foregoing institutions has gained momentum.

United Corporation—Under date of 6-29-1944, the United Corporation filed with the Securities Exchange Commission an amend-

(Continued on page 491)

Rapid Expansion Of Air Conditioning Expected In Post-War Years

Philco Official Believes Increase In Single-Room Units Will Be 200%-700%

One of the important and fast-growing post-war industries is going to be single-room fractional horsepower air-conditioners or room coolers, even though only five or six years ago practically nobody knew what they were, according to Harry Boyd Brown, Manager of air-conditioning for Philco Corporation.

"The fact that very few people understood what a room cooler was, what it did or how it functioned was probably the chief reason the entire industry sold only 30,000 to 40,000 of these units a year before the war," Mr. Brown believes.

"But the performance, service and uility of single-room air conditioners have been so outstanding and so apparent to the user, that word of mouth advertising within the past few years has done a remarkable educational job insofar as the general public is concerned. The news about air conditioners has spread so rapidly that in the first post-war year, three times as many units will be made and sold as ever before, and it is not too radical a prophecy to say that three or four years after the war, annual volume should increase to six or eight times that of 1941. In that event the business might amount to $60,000,000 a year.

"Before the war, only a few dealers realized the big profit possibilities of this merchandise, but within the last 16 or 18 months, we have been amazed at the number of unsolicited inquiries that have poured in from dealers. They seem to be coming to realize that here is a high-priced unit, selling from $175 to $400, which is easily and quickly sold for cash without high-pressure or expensive sales effort and without the need for any trade-in allowance.

"When a dealer sells a Philco unit for $250, he gets payment in full then and there. When he sells a unit for a home and installs it in the master bedroom, he quickly finds he has a customer for four or five units in other rooms. The same thing is true of installations in hospitals, hotels and offices. The single-room air conditioner itself, by its performance, creates an amazing number of repeat sales and new prospects. Nothing else gives such relief to sufferers from asthma and hay fever, and use of air conditioners is being prescribed with increasing frequency by physicians.

"Undoubtedly the post-war units will be lighter in weight, and therefore, even more easily installed. They will incorporate the new materials and processes that hav been developed by war research. Along with all these things, Philco is planning to make and sell the units at lower prices, which should greatly increase the scope of the market and make them available to many more people than ever before."

The Delaware River Joint Commission Refunding Bonds

Traffic On Philadelphia-Camden Bridge Up 21.3% In First Half Of 1944

By B. NEWTON BARBER

The 2.70% bonds due in 1973, secured by the revenues of the bridge, are regarded as a high-grade investment on their record. At 107¼-108¼ they are attractive for retention and purchase.

About one month ago, June 30, 1944, to be exact, the Philadelphia-Camden Bridge completed its 18th year of operation. During that period it has seen boom times and a severe depression. More recently it has felt the heavy wartime restrictions on vehicular travel. In that 18-year period 205,825,708 vehicles used the bridge. Of these, automobiles and light delivery trucks numbered 179,775,243, heavy trucks 5,960,061, buses 19,623,566, motorcycles 462,398 and horse-drawn vehicles 4,440. Gross receipts amounted to $54,673,934.

B. Newton Barber

Never in its long history has its economic soundness or financial integrity been seriously questioned. During 1942 and 1943, when traffic and revenues were steadily declining due to strict gasoline rationing, investors looked at the Commission's earned reserves in cash and U. S. Government bonds and were not worried about the ability to service the debt. The possibility that the Commission would exercise the privilege to redeem the then outstanding 4¼% bonds at 105 in September, 1943, was their chief concern. The Commission did just that, issuing in July, 1943, the presently outstanding $37,000,000 of 2.70% bonds due Aug. 1, 1973, through competitive bidding.

Before discussing the earning power and protective provisions securing the bonds, a brief description of the project and the historical background is in order. The Philadelphia-Camden Bridge, as the name implies, links two large adjacent metropolitan areas at the centers of their respective business districts. For more than a hundred years a bridge connecting the two cities was dreamed about, but not until the end of World War I did it become a practical possibility. Finally, in 1919, the Legislatures of Pennsylvania and New Jersey passed uniform laws, creating the Delaware River Bridge Joint Commission, with full power and authority to proceed with the work. This Commission promptly set to work to determine the best location and proper type of bridge, method of financing and other details, and by 1921 was ready to start construction.

Ralph Modjeski, the celebrated bridge builder, was placed in charge and the bridge was opened to the public on July 1, 1926, a few days ahead of schedule. The structure has a total length, including the approaches, of 9,570 feet. Its main span is 1,750 feet long. There are six lanes for vehicular traffic and provisions for four rapid transit lines in the 128 feet over-all width. Two of the transit lines have been in use since 1936 and the two remaining can either be converted to vehicle lanes or used for transit lines at some future time. The bridge has a clearance of 135 feet above high water to permit passage of the largest ships.

Funds for construction were provided by the two States and the City of Philadelphia. The total cost was $37,077,479, and of this amount Pennsylvania contributed $10,575,479 out of current revenues; New Jersey contributed $15,900,235, raised by the sale of bonds, and Philadelphia contributed $10,601,765, also from proceeds of bond issues.

In 1931 the present Delaware River Joint Commission of Pennsylvania and New Jersey was created, by agreement between the States, as successor to the original Commission. This agreement, later approved by Congress, granted the Commission broader powers than its predecessor and included the power to own real estate, enter into contracts, exercise the right of eminent domain, borrow money on its bonds and to exercise all powers necessary or incidental to its authorized purposes, except the power to levy taxes or assessments.

The Commission was authorized to raise funds by the sale of revenue bonds to repay the three participants the amount of their net investments, plus interest to July 1, 1931. Having paid back some of the cost out of revenues re-

(Continued on page 491)

J. Lewis Armstrong Co. Is Formed In Phila.

PHILADELPHIA, PA.—Announcement is made today of the dissolution by mutual consent of the investment firm of E. J. Moore & Co. of Philadelphia which has been in business continuously since 1882, and the formation of the firm of J. Lewis Armstrong & Co. Partners of the new firm are J. Lewis Armstrong and John C. Rowland, formerly partners of E. J. Moore & Co. The new firm will occupy offices in the Girard Trust Co. Building, Philadelphia, heretofore occupied by E. J. Moore & Co.

Formation of J. Lewis Armstrong & Co. was previously reported in the "Financial Chronicle" of July 20.

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(Continued from page 490)

ment to its reorganization plan, revising exchange offer made to $3 preferred stockholders in January, 1944. Under the terms of the revised plan, holders of preferred stock were offered a voluntary exchange of 1 8/10 shares of Philadelphia Electric Co. common, plus $5 cash for each share held. The original offer being 1½ shares of Philadelphia Electric Co. common, ¼ share of Delaware Power & Light common, and $3.75 cash. It is expected that prompt action will be taken on this revised exchange.

Security holders interested in the breakup f the UGI System have two interesting situations to ponder: (1) How good is Delaware Power & Light common stock, and (2) What are the advantages or disadvantages of holding UGI residual certificates?

With the virtual cleanup of its property and financial affairs so as to conform with SEC regulations, Delaware Power & Light has emerged with a rather sound financial structure, considering percentages of funded debt, preferred stock and common stock equity. With such a sound base, and operating in territory productive of stable, good-paying business, many investors are looking twice at the potential benefits which may accrue to this company if and when there is a reduction or an elimination of the excess profits tax.

Selling now at about fifteen times earnings after a very generous excess profits tax deduction, the common stock appears to hold promise of increased earning power via post-war tax abatements. In the meantime, the yield, based upon indicated initial dividend, affords a good carry.

UGI residuals are now supported by (1) holdings of so-called publicly held, readily marketable items, and (2) a number of relatively small gas properties. Figures filed with the SEC in the fall of 1943 indicate essentially low earning power. Moreover, liquidation would appear to affect only the publicly held marketable securities since the company will apparently remain in the gas business.

Holders of UGI residual certificates may therefore ponder a switch into North American common, where earning power and dividends are measurably greater and where the potentials of liquidation in any breakup appear to afford as much if not more than UGI and possibly at an earlier date.

Major Business Changes Ahead This Year

Business and industrial activity are now headed downward, and this trend will be speeded up as the war in Europe draws to a close, says the United Business Service in its current Semi-Annual Business Review. Every week from now on will heighten the assurance with which our military leaders will be able to forecast the date of Germany's collapse, and with growing confidence on this point, they will relax restrictions which hitherto have kept industry on an all-out war basis.

Both sales and production volumes will decline during the second half, with the drop accelerating in the fourth quarter. When the German collapse actually comes, almost half the facilities now engaged in war output will be released. Although some plants and industries are already converting back to peacetime operations, the major changeover probably will not start before fall, and it will take several months in many lines to return to peacetime operations.

The impact of peace on commodity prices will be bearish. Many industrial concerns are carrying large inventories of primary products in line with their wartime operations. It is unlikely that these will be dumped at distress prices. However, such supplies will make it unnecessary to continue large purchasing orders. Nevertheless, wide price divergence will be seen, with some items subsequently moving up to new highs.

Politics will play a disturbing rather than an actual influence on sentiment. Little legislation can be expected until elections are over, but the indicated trend of popularity will probably affect business decisions and reconversion programs to some extent.

On the whole, however, the second half outlook is not a dismal one. Production and employment will continue on a relatively high plane, and before the year ends a clearing of the political atmosphere should enable Government and business to make real progress in reconversion.

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The Delaware River Joint Commission Refunding Bonds

(Continued from page 490)

ceived, the obligation was determined to be $33,205,995. Because of general business conditions and the state of the bond market, sale of the bonds was deferred and in 1933 legislation permitted the two States and the City of Philadelphia to accept $30,962,000 4¼% bonds, the balance then due. Philadelphia soon sold its bonds to a group of dealers and the investor finally had an opportunity to buy them. Later $7,158,000 of additional bonds were sold to the public to finance the transit line.

Revenues of the bridge increased steadily to $3.5 millions in 1930. Thereafter they declined to a low of $2.8 millions in 1932 and slowly recovered to $3.1 millions in 1936. In 1937 revenues again dropped moderately when passenger car tolls were reduced 20% but recovered to the 1936 level in 1938 and climbed steadily to $3.65 millions in 1941. Then, as was to be expected, revenues dropped steadily through 1942 and 1943, but they still covered interest charges by a comfortable margin. Through the period from 1935 to 1943 the Commission had paid off $2.9 millions of bonds and built up resources of $6.25 millions in cash and U. S. Government bonds.

In the 12 months ending June 30, 1944, with driving restrictions eased somewhat in the later months, gross earnings increased slightly over the preceding year. In the six months ending June 30, 1944, traffic increased 21.6% over the comparable 1943 year and it seems reasonable to assume we have seen the low point.

Throughout the entire period of operation, Mr. Joseph K. Costello has been the General Manager of the project and a large share of its financial success has ben due to his excellent management.

The Bridge refunding 2.70% bonds, like the previous issue, are solely secured on the earning power of the bridge, and the main differences are the 30-year-term maturity and the redemption and sinking fund provisions which are designed to meet all contingencies. To provide against reduced earning power during the war period, the $6.25 millions reserve was retained for the new bonds, and as of June 30, 1944, had been increased to $7,945,416. It was further provided that until gross revenues again rise to $3.3 millions (the 1940 level) the funds can only be used to make up any operating revenue deficits to pay interest. After revenues reach this level, funds can be used for capital improvements but a reserve equal to 18 months' interest on the outstanding bonds must be maintained.

The Commission further covenants to maintain tolls at a rate to provide operating expenses, which are clearly defined, interest payments and minimum reserve requirements. The latter include an amount equal to the amount of bonds outstanding divided by the number of years the bonds have to run to maturity in 1973.

Revenues after operating expenses are paid into the sinking fund from which is first paid interest on the bonds and then, at the Commission's discretion and subject to the provisions, previously mentioned, the balance may be used to retire bonds, allowed to remain on secured deposit in banks or invested in Government bonds of not longer than five years' maturity. It is apparent that the provisions are designed to make the retirement of the bonds the most advantageous course.

Further safeguards are restrictions against new competition within 10 miles, up or down the river, multi-risk insurance in the amount of $10,000,000, use and occupancy insurance in the amount of $500,000 and War Risk insurance in the amount of $32,000,000.

The bonds are legal investments for trust funds in Pennsylvania and New Jersey and are free of State and local taxes in Pennsylvania, so they have a particular appeal in this market. They are also free of all present Federal income taxes under existing laws, in the opinion of counsel, so that market interest is by no means local.

The bonds are callable on Aug. 1, 1946, at 105. Selling at 107¼ to 108¼, they still afford yields of approximately 1.52% to 104%, to the call date, dependent upon the price paid.

AIB Announces New Educational Committee

James E. Robertson, President of New York Chapter, American Institute of Banking, and an Assistant Cashier of the Chase National Bank, announces the formation of an educational advisory committee which will guide the Chapter's officers in the formulation of educational policy to meet the constantly changing needs of those engaged in banking.

Among those prominent in the banking and educational fields serving on the committee are: Dr. A. Wellington Taylor, Chairman, Director of Commercial Education, the Chamber of Commerce of the State of New York, formerly dean of the Graduate School of Business Administration, New York University; Dr. Robert D. Calkins, dean, School of Business, Columbia University in the City of New York; Dr. Eugene A. Colligan, Vice-President, Long Island City Savings Bank, formerly President of Hunter College; Allan Sproul, President, Federal Reserve Bank of New York, and Dr. Charles A. Tonsor, Principal, Grover Cleveland High School.

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Atlanta Bond Club 24th NSTA Affiliate

The executive council of the National Security Traders Association, Inc., announces the affiliation of the Atlanta Bond Club of Atlanta, Ga., making the 24th group to affiliate with the national organization. Officers of the Atlanta Club are: J. R. Neal, Wyatt, Neal & Waggoner, President; Byron Brooke, Brooke, Tindall & Co., Vice-President; J. F. Settle, J. H. Hilsman & Co., Inc., Secretary-Treasurer; and W. W. Mallory, Clement A. Evans & Co., Inc., National Committeeman. The organization has 60 members.

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

In 1943 mutual fire and marine insurance companies wrote 16.5%, and stock fire and marine insurance companies wrote 83.5%, of the total business written by both mutual and stock companies. According to the 1944 "Insurance Year Book: Fire & Marine Volume," published by "The Spectator" (Insurance Authority since 1868), all reporting mutual companies, 176 in number, wrote $212,042,269 of business in 1943 and all reporting stock companies, 372 in number, wrote $1,074,725,000 of business. These totals compared with $199,826,000 and $1,144,461,000, respectively, in 1942.

Quarterly Comparative Analysis of 17

New York City Bank Stocks

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(L. A. Gibbs, Manager Trading Department)

Over the entire 17-year period the total premium volume has aggregated $17,292,640,000, of which the mutuals have written $2,497,343,000 or 14.4%, and stock companies, $14,795,297,000 or 85.6%. It will be noted that the mutuals' portion in 1943 of 16.5% was the highest percentage for the period covered.

From time to time a few dealers and investors in fire insurance stocks express concern over the inroads which they imagine mutuals are making in the business of the stock companies. They hear of instances in which certain large insurers have taken their business from a stock company and given it to a mutual. Many such instances have occurred and will continue to occur, but the idea that mutuals are slowly absorbing the business of the stock companies is not borne out by statistics.

The accompanying table shows for each year since 1927 the relative volume of business written by mutual and stock companies:

	Net Premiums Written			Per Cent of Total	
	Stock Companies	Mutual Companies	Total	Stock	Mutual
1927	$980,105,000	$128,330,000	$1,108,435,000	88.4%	11.6%
1928	990,605,000	141,351,000	1,131,956,000	87.5	12.5
1929	1,027,028,000	152,604,000	1,179,632,000	87.1	12.9
1930	918,039,000	153,495,000	1,071,534,000	85.7	14.3
1931	787,019,000	142,233,000	929,252,000	84.7	15.3
1932	680,521,000	97,391,000	777,912,000	87.5	12.5
1933	622,277,000	112,190,000	734,467,000	84.7	15.3
1934	672,437,000	130,433,000	802,870,000	83.8	16.2
1935	702,620,000	134,415,000	837,035,000	83.9	16.1
1936	759,429,000	131,426,000	890,855,000	85.2	14.8
1937	831,622,000	140,506,000	972,128,000	85.5	14.5
1938	782,204,000	139,469,000	921,673,000	84.9	15.1
1939	814,514,000	142,128,000	956,642,000	85.1	14.9
1940	932,074,000	156,298,000	1,088,372,000	85.6	14.4
1941	1,075,617,000	183,206,000	1,258,823,000	85.4	14.6
1942	1,144,461,000	199,826,000	1,344,287,000	85.1	14.9
1943	1,074,725,000	212,042,000	1,286,767,000	83.5	16.5
Totals	$14,795,297,000 85.6%	$2,497,343,000 14.4%	$17,292,640,000 Average	85.5%	14.5%

It will be observed that in 1927 the mutuals wrote 11.6% of the total volume, and that their proportion increased each year until it reached 15.3% in 1931; it then dropped to 12.5% in 1932 and increased thereafter to the top figures of 16.2% and 16.1% in 1934 and 1935 respectively. Since then their annual proportion has run around 15%, until last year when it suddenly jumped to 16.5%. This jump can most probably be attributed to the abnormal condition brought about by the war, and is not believed by this writer necessarily to represent a permanent increase in the mutuals' share of the total business.

While it is true that the mutuals' net rates to most policyholders are lower than those of the stock companies, nevertheless it is doubtful whether they can ever seriously impair the predominance of the strongly capitalized, firmly established old-line stock companies, whose nationwide agency plants represent an investment of many millions of dollars. To compete in the widerspread field of the stock companies would require the mutuals to build up the equivalent of the stock companies' agency plant.

The practice of the mutuals is to operate in relatively small areas and to confine their writings to the better risks. The result of this policy is to restrict volume but to give them better loss ratios than the stock companies experience, as the following figures show:—

RATIO OF LOSSES PAID TO PREMIUMS WRITTEN

Year—	Stock Companies	Mutuals
1927	51.2%	33.2%
1928	48.9	33.2
1929	47.6	54.4
1930	56.8	40.2
1931	59.7	41.5
1932	58.9	37.1
1933	46.3	36.0
1934	42.9	33.1
1935	36.6	28.8
1936	42.8	35.3
1937	42.8	34.6
1938	48.3	37.7
1939	45.0	38.1
1940	43.5	37.6
1941	43.8	38.4
1942	55.0	36.4
1943	47.2	33.1
Average	48.1%	37.0%

It is very apparent that the mutuals do not serve as large an area of the public, nor offer as widespread protection, as do the stock companies. Yet if they are to increase their volume to any substantial extent they must become less choosy and underwrite the less favorable risks in considerable volume, a course of action which would inevitably lead to higher loss ratios. Furthermore, to achieve any substantial expansion in premium volume they would also have to expand their sales organizations, a course of action which would probably result in higher expense ratios. With loss and expense ratios both increasing, rates would have to rise also, and thus the main advantage of the mutuals over the stock companies, viz: lower rates, would tend to disappear.

Before closing this brief discussion, it is of interest to note that the investment practice of mutual fire insurance companies differs considerably from that of stock fire insurance companies, as per the following figures:—

CLASSIFICATION OF ASSETS, 12-31-43

	372 Stocks Companies	176 Mutuals
Real estate and mtgs.	2.9%	6.2%
Bonds	42.3	62.6
Stocks	38.8	13.3
Cash and agents' balances	16.0	17.9
Total	100.0%	100.0%

The insurance business in America is still growing and will continue to grow so long as does America, and there is ample room and opportunity for both mutual and stock companies to live and grow prosperously side by side for many many years. Meanwhile, the competition thus afforded is of some advantage to the American public.

Prices Rise At The Rate Of 2.25% Monthly In Mexico

The following is taken from the May 31, 1944, bulletin issued by the Banco Nacional de Mexico, S. A., which has just come to hand:

Not only by the increase in monetary circulation but also as a result of other inflationary forces now at play, prices have risen. The general index of the Banco de Mexico reached 224.4% as against 100 in 1929. From March to April it went up 5% and, as compared with December, 1943, 11%. The upward rhythm has been 2.25% monthly. According to figures of the Department of Economy, however, the cost of living has reached 301.5% and foodstuffs 377.4% as against 100 in 1934. To make this point clear, our currency buys 25% of what it could acquire in 1934. The depreciation has been uninterrupted. See index numbers covering the cost of living since the outbreak of the war.

1939	155.3%
1940	157.2
1941	163.9
1942	188.5
1943	249.5
January 1944	277.2
February	282.2
March	291.2
April	301.5

Note the cost of foodstuffs:

1939	177.4%
1940	189.5
1941	198.8
1942	216.1
1943	287.4
January 1944	341.7
February	348.1
March	358.0
April	377.4

The increase is incessant and the rate is accelerating as the days go by.

According to the Bank of Mexico, from March to April consumer goods have passed from 232.0% to 249.9%; production goods from 174.5% to 181.0%. A decree was recently published, to which was attributed other than its avowed purposes, as the official utterances were to the effect that it was desired to avert "dumpings" which were harmful to domestic producers; but it was stated that in obedience of that ruling the importation of other articles would be prohibited, these have gone up over the levels they had reached.

Monetary Circulation

Up to April 22 the monetary circulation had reached 3.123 million pesos, against 3.101.9 on March 25 and 2.984.3 million in February.

The increase registered corresponds to currency proper, i.e., metal and bills, as deposits fell off 1.7 million pesos due to payments made by individuals to the Government by virtue of a previous agreement whereby they were to anticipate the 1944 taxes. The increase in bills reached 16.7 million and metal currency 6.4 million. If we compare the latest figures with those of last year, there is an increase of 331.7 million in bank bills; 100.7 million in silver pesos and small silver currency and 497.8 million in deposits. The average monthly increase in the year has been 77.5 million, which is still very high for the apparent needs of the trade.

Unquestionably a portion of the increase in currency has been due to the real needs of the trade, the operations of which have expanded immensely as a consequence of the boom which lasted until 1942, but it cannot be denied that a considerable part has been due to the inflationary expenses of the Government, or to the influx of foreign capital for profitable investment in Mexican enterprises.

Authorities have put into practice intelligent measures, the same as other countries. But the Mexican market, for lack of organization and meagre development, has offered unexpected resistance. They have not become discouraged but have strengthened the expedients which in their judgment have yielded most effective results. Among them is an agreement which they recently proposed to the banks in the Federal District, calling for the "freezing" of loan portfolios as of May 17 of this year. That is to say, they will not invest new deposits after that date but send them to the vaults of the Banco de Mexico; or in coined gold or gold "discs" at the rate of $4.20 per 75 centigrams of pure metal or gold bars at the rate of $4.14 per 75 centigrams of said metal; or in promissory notes endorsed by the Banco Nacional de Comercio Exterior or by the Banco Nacional de Credito Agricola under certain conditions; in Government bonds which meet certain requirements or in certificates of participation of the Nacional Financiera; finally, in dollars abroad.

The Government, or rather the financial authorities, have selected May 17, in the opinion of observers, because at that moment the mass of circulation did not obstruct, but encouraged, the conduct of operations, as shown by the index of prices. It has been considered that the "freezing" of credit may give rise to liquidation of merchandise and that by this means the lowering of prices will be facilitated.

These observers consider that the measure in question is not sufficient in itself to achieve what is contemplated. As long as production of consumer goods does not increase satisfactory (we have said that in some cases it falls off due to the legal, administrative and economic rulings issued); so long as the finances of the States that seek their maintenance through assessments and excise taxes which burden the operating cost of the producer are not straightened out; so long as the program of public works is not reduced, which, as we have explained, injects buying power without offering in exchange anything in the way of consumer goods as a counterbalance; so long as investment in agriculture is not fostered, enacting protective laws which do not injure the essence of the agrarian reforms; so long as administrative immorality is not prosecuted and the transporting system is improved; so long as the workers are not convinced that new wages and salary raises are detrimental, rather than beneficial, to them, and they are encouraged to save, whenever possible; so long as the railways services are not improved and other transporting systems are adequate and cheap; so long as a concerted policy is not directed energetically, any measure, irrespective of how good it is considered, will yield but partial and often short-lived results.

The agreement executed with the bankers may cause some liquidations, but also the rise in interest rates, which are very high at present. Such high rates affect commercial and industrial transactions and this, in turn, makes selling prices to soar. On the other hand, we are in the midst of a construction period, when the maximum use of economic forces is indispensable. The curbing of credit may act as a brake on the stimulus needed by producers, and in that event we would not achieve the goal which we have fixed for ourselves in the shortest time.

No thought has been given to the fact that the foregoing may cause a flight of capital which would diminish the reserve, on which every one here has deposited his hopes for the industrialization of Mexico.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund________£2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Shows Interesting Progress

Buckley Brothers, members of the New York Stock Exchange and the Philadelphia Stock Exchange, have issued a statistical analysis of the earnings of National Paper & Type Company, showing the progress of that company since 1936. Copies of this interesting analysis may be had upon request from Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., or 63 Wall Street, New York City.

Also available on request is a study of Metal & Thermit.

Two With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange and other exchanges, announce that William Brooks Clift and Roger Vasselais are now associated with them.

The New York Curb Exchange

(Continued from page 482)

weather occasionally drove this tiny Curb market to shelter in nearby coffee houses and thus they became accustomed to transact their business with one another and for the public.

The first sign of organization was an agreement entered into in May, 1792, among 24 of these early Curb members who agreed on that date to establish a minimum rate of commission and to give preference to each other in their negotiations. It was not until 1817 that Street Brokers in New York went under a roof for the first time when the "New York Stock and Exchange Board" was formed and agreed to pay George Vaupell $200 per year for the use of the front room of his two-storied house at 40 Wall Street, Mr. Vaupell to supply a fire, chairs when needed, and to keep the room in order. Mr. Vaupell's quarters proved inadequate and others were secured in a building at Wall and Hanover from which the then flourishing little exchange was rudely evicted by the great fire of 1835. After some further wandering, including a temporary lodging in a hay loft, the Exchange finally in 1842 located in a large hall in a building on the present site of the National City Bank. There it remained until 1854.

The end of the Civil War with the enormous issues of irredeemable paper put out by governments had the effect of immediately inflating and stimulating American business — new enterprises started — promoters flourished and stock speculation overflowed the Stock Exchange into three newly organized minor exchanges, one of which was in many ways similar to the original 1792 market under the buttonwood tree and may be taken as the forerunner of the present "Curb."

Many here will recall the picturesqueness of the Curb Market as it was then called in the days of New York's first sightseeing busses — those enormous vehicles from which a stentorian voiced youth with a megaphone indicated the points of interest in New York to visitors. The stop at the Curb Market was usually a long one, for it was one of the sights of the city. Here a milling throng adorned with every variety of headgear — red hats, blue hats, green hats — jostled and pushed, while above them, high in the windows of adjacent buildings were others arm waving, shouting or signalling to a particular hat on the street below.

The history of natural security exchanges such as the Curb Exchange in the past one hundred years is the history of the evolution of American Business from the small family enterprise to the gigantic corporation of the present day. By enlisting the surplus funds, or the savings, of thousands of individuals to a common purpose, great reservoirs of capital were created out of which came the development of the automobile, the radio, the telephone, the airplane, to mention but a few. The interest of each individual in a common enterprise was recognized by a certificate of stock. It became equally important that should the holder of these certificates desire to convert his shares into cash, a market in which to do so must be at his disposal. It is for the purpose of supplying that market — the market to which prospective investors may come; the market in which sellers may dispose of their shares, or to which either may turn if they wish only an appraisal of value — that the Curb Exchange exists.

This building, the present home of the Curb Exchange, was occupied until quite recently, exclusively by the Exchange although it is now leasing some space to organizations closely identified with the war effort. Here is represented the fruition of an idea; the idea that in Exchange trading, only, there exists the highest degree of protection to the investing public. What you see pictured, however, is merely the exterior, the facade, as it were, for there is no way to show the character of the organization, nor the degree of ethical conduct there must be if it is to continue as a trusted and respected institution. We of the Exchange, perhaps better than anyone, appreciate the responsibility we have assumed as the second largest security market in America, or perhaps I should say in the world, and we are determined that these responsibilities will be discharged completely.

I shall try to stay away from the technicalities, but I would like to touch for a moment on the organization of the Exchange itself. It is governed by an elected Board of Governors recruited from all elements of membership, and three Governors representing the public. There are four major committees of from seven to ten Governors each. These are in charge of the four departments of the Exchange: one occupied with listings, one with trading floor activities, one with the supervision over members and member firms, and one with the finances of the Exchange itself. The graph I have prepared will, I believe, show that setup clearly.

The work of the Listing Committee is one of great importance, for securities, you know, just don't come on Exchanges. Each must satisfy the committee of the good faith of the enterprise, each must have had a corporate existence of sufficient length to indicate future potentialities, each must have its shares widely enough distributed to insure a continuity of market, and each must furnish adequate financial information, to mention but a few of the requirements.

Securities dealt in upon the Exchange fall into two categories, those "fully listed" and those, called in the absence of a more accurate designation, "unlisted." Insofar as the character of the securities themselves is concerned there is no difference between them. Transactions in each are governed by the Rules of the Exchange and are subject to the supervision of the appropriate committee. Prior to the adoption of the Securities and Exchange Act in 1934, the "unlisted" securities were admitted to dealing upon the application of a member of the Exchange, but only if approved by the Committee on Listing and by the Board of Governors. Since March 1, 1934, no unlisted securities may be admitted without the approval of the Securities and Exchange Commission.

Securities fully listed are admitted on the application of the issuer itself.

Both classes are registered securities within the contemplation of the Securities and Exchange Act; but the issuer and the officers, directors and controlling stockholders of issuers of listed securities are subject to certain duties and obligations which do not bind unlisted issuers.

If and when the shares are admitted to dealing, the stock is assigned to a specific post on the trading floor so that members with orders to buy or sell may go instantly to that place to inquire as to the prevailing market. At the trading post the stock is in charge of a member who is designated as the specialist. That is, a person who will accept and be responsible for orders at prices a little away from the prevailing quotation. These accumulated orders, both to buy and to sell, are entered in price sequence in the order of receipt and become in the aggregate the "book" of the specialist. From those orders on his book and from orders received by him through the day, the specialist, in competition with orders in the hands of other members acting as brokers, establishes a market. The bid, the highest priced order at hand, and the offer, the lowest offer to sell, constitute the quotation. Thus a two-way auction with competition to buy and competition to sell is established. The specialist, however, may not buy or sell securities for his own account at the same price as an order on his book.

The mechanics of the market are simple. In the course of the day the buyer and seller through members come to agreement as to price and a transaction is effected. Instantly this is reported to the ticker operators and is printed on the tape to become a permanent record. Any question as to time, price, sequence or regularity may be checked and answered from the record maintained by the Exchange or its members. The market is an open market — and by that I mean by rules and regulations of the Exchange there is no place for secret understandings or special treatment of a favorite few. The seller in San Francisco and the buyer in Boston who meet in this market place know instantly, or may quickly ascertain, exactly what has happened and why. What is good for the buyer may not be in the best interest of the seller and vice versa, and the committee charged with supervision of the trading floor, the Transaction Committee, is alert to see each is protected. The sanction of a Governor is required in any instance of seeming disparity between a last sale price and a present quotation before a transaction may be consummated and no Governor will sanction a trade unless he is satisfied that the transaction is in order. The Exchange, you know, and it seems hardly necessary to say so, has no interest in any transaction other than to see that the rules are observed. In fact the Exchange isn't really an exchange at all in the sense that the Exchange is a part of the proceedings. All the Exchange does is to supply the mechanism, the meeting room and facilities to the members, who develop what business they can and transact that business on the floor. To be sure, and I would like to emphasize this, the Exchange has the responsibility to see that the highest standards of ethical conduct prevail; that those who accept business or carry securities for the public are financially responsible; that the market is free from manipulation; and that prices reflect the varied interests of those who are presently shareholders or those who are disposed to become so. To that end the two committees I have mentioned, Listing and Transactions, are important. But the work they do is augmented by other committees of the Exchange with the same end in view. Members and public alike are on a basis of equality; the cost of the service is known — the commission rate is predetermined so that an investor, satisfied with the price of the security, may purchase or sell knowing in advance what his cost will be.

I have, I think, spoken over long and in conclusion I would like, if you will permit me, the privilege of saying just a word or two about the Post-War Exchange. This war surely must end soon. There must be a cessation of the wanton destruction, misery, sacrifice and terror of the past four years. Perhaps it will come sooner than we think, and pray God that it will. There will be a period of adjustment. That period must not be too long. It need not be if those in authority plan wisely. The war has put the spur of necessity into the development of new materials, new processes, new techniques which will, with the cessation of hostilities, find their way into the markets of peace. There will be plenty of opportunity for the doers, the producers and the real accomplishers in many fields of endeavor. It does not require too much imagination to accept as a practical accomplishment of a peaceful world such things as television — improved transportation — imperishable fabrics—universal air conditioning — synthetic medicines — and a host of other things all of which will contribute to the health and comfort of our people. Private enterprise under a program of realistic taxation which will permit the retention of a reasonable share of the profits in new enterprises will attract "adventure money"—that is, capital willing to accept greater risk for a proportionately greater gain — and new fields of endeavor will be opened. It is when these new enterprises have passed through their formative stage and have achieved the status of new but infant industries that the facilities of the Curb Exchange are put to use. We are the proving ground, as it were — the public market for securities in the growth period. It may be of interest to you when I tell you that approximately 65% of the securities now traded in on the New York Stock Exchange were once on the New York Curb.

We look, in the not too distant future to the admission on our Exchange of the securities of many corporations which today are closely held either by family or private groups, or of others now in the embryonic stage of development. This is the real function of our market. This is the part we play in the economic life of the nation. As America expands, and such expansion is limitless, the Curb Exchange will expand likewise.

Now Inv. Dealer

SAN FRANCISCO, CALIF. — J. W. Hilliard & Co., 681 Market St., is now engaging in a securities business.

New Issue

$13,740,000

City of New York

1¾% Airport Construction Bonds

Dated August 1, 1944 Due $458,000 each year August 1, 1945-74, incl.

Interest Exempt from present Federal and New York State Income Taxes

Legal Investment for Savings Banks and Life Insurance Companies in the State of New York and for Executors, Administrators, Guardians and others holding Trust Funds for Investment under the Laws of the State of New York

MATURITIES AND YIELDS

Due	Approx. Price	Yield	Due	Approx. Price	Yield	Due	Price
1945	101.35	.40%	1955	104.60	1.30%	1965	101½
1946	102.28	.60	1956	104.42	1.35	1966	101
1947	103.11	.70	1957	104.15	1.40	1967	100½
1948	103.73	.80	1958	103.79	1.45	1968	100
1949	104.15	.90	1959	103.35	1.50	1969	100
1950	104.36	1.00	1960	102.82	1.55	1970	100
1951	104.37	1.10	1961	102.22	1.60	1971	99¾
1952	104.57	1.15	1962	102.34	1.60	1972	99¾
1953	104.68	1.20	1963	101.63	1.65	1973	99½
1954	104.69	1.25	1964	101.70	1.65	1974	99½

(Accrued interest to be added)

The above Bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Wood, Hoffman, King & Dawson, Attorneys, New York, N. Y.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
BOND DEPARTMENT
Pine Street Corner of Nassau

New York, August 3, 1944.

Ten Years Of The FDIC

(Continued from first page)

FIDC has had, moreover, nothing directly to do with the unprecedented increase in the Circulation Money of the United States, but this was simply a parallel development which shows the increase in the potential purchasing power media in the hands of the public, both in the form of bank deposits—excluding interbank deposits, where such data are available—and the money in circulation outside of the Treasury and the Federal Reserve Banks.

Composite Balance Sheet Data Valuable

The form of the composite balance sheet for all of the operating insured banks under the FDIC has been helpful in giving us a clear picture of the operations of these banks over a period of years, and the data they contain were never before available for almost the whole of our banking structure in a convenient form. Not all of the banks of the United States are included in the figures given at the end of each year for the total operating banks, but the 1,400 to 1,500 not included are for the most part small banks in four or five states, mainly mutual and other types of savings banks in Massachusetts and Connecticut, and small unit banks in isolated communities or in small communities where all of the banks remain outside the Corporation—if state banks—in such states as Kansas, Georgia, New York and Maine, and a few others.

In making composite balance sheet studies for the British "Big Five" Joint Stock banks over a long period of years, from 1927 through 1943, I found in the earlier years from 1927 through 1934, we had no data in the United States in a published form which was comparable to that which could be compiled from the British bank statements. The "Big Five" in England are not all inclusive but they do about 87% of all of the commercial banking business of England and Wales, but there are 11 other joint stock banks in that area, some few of which are controlled by members of the "Big Five." Since 1934 comparisons of value may now be made with the operating insured banks under the FDIC on the one hand and those of the British joint stock banks, particularly the "Big Five," on the other.

One of the most notable, though incidental, services of the FDIC, therefore, has been to give the American public banking data at six month intervals in the 20 Call Reports issued to date which were not before available. These data not only show the trends which are taking place in our banking system but they help to show the relationships between many of the sets of data involved. The following abbreviated table of condensed balance-sheet data from the Call Reports show such trends:

TABLE I—CHANGING CHARACTER OF COMMERCIAL BANKING

Years—	No. of Operating Insured Banks (At end of year)	†Banks Suspended or Merged (During year)	Advances to Banks' Customers, i. e., Loans and Discounts (At end of year)	Advances to U. S. Government, i. e., Government Direct and Guaranteed Securities (End of year)
1934	*14,137	57	$14,593,000,000	$11,712,000,000
1935	14.123	35	14,698,000,000	13,275,000,000
1936	13,970	71	15,940,000,000	14,750,000,000
1937	13,795	‡84	16,717,000,000	13,669,000,000
1938	13,659	‡80	16,024,000,000	14,506,000,000
1939	13,535	70	16,866,000,000	15,567,000,000
1940	13,438	47	18,398,000,000	17,063,000,000
1941	13,427	16	21,262,000,000	21,047,000,000
1942	13,347	23	18,906,000,000	40,711,000,000
1943	13,274	§5	18,843,000,000	58,694,000,000

*Compared with 14,140 operating insured banks on Jan. 2, 1934, when FDIC was opened, and with the all-time record of all banks on June 30, 1920, of 30,976—Comptroller of the Currency's figure.

†Merged or consolidated with aid or funds of the F. D. I. C. Does not include banks voluntarily liquidated during year.

‡Reflecting 1937-38 short-lived depression conditions.

§Data furnished for 1943 by Corporation—not otherwise published.

It will be noted in the above table that the decline in the number of operating banks from year to year is greater than the number of bank suspensions or mergers listed. This is accounted for by the fact that some of the banks listed as suspended were subsequently reopened. Many others were voluntarily liquidated, without any aid from the FDIC or, on their own account and effort, were consolidated or merged with other banks or moved their location and changed their identity somewhat. There were 14,140 insured banks operating on an unrestricted basis on Jan. 2, 1934, when the FDIC began operations. That number has now been reduced to 13,274, at the end of 1943, or a total loss of 866 banks in the 10 years. When one compares these figures with the losses, mainly by the failure route, of 2,298 banks in 1931, 1,456 in 1932, and some 3,464 between Jan. 1, 1933 and May 24, 1934—the first time official figures were released after the banking moratorium of March, 1933—marked improvement in the situation can be readily noted. This is due partly, no doubt, to the fact that between the time of the collapse of the post-war boom in June, 1920, and May, 1934, some 16,150 of our banks had been weeded out through failures and consolidations. Hence a great deal of the wreckage in our banking structure had been cleared away before the FDIC took over.

Government Greatest Borrower

More significant than the gradual decline in the number of banks, however, is the marked change in the operation of the banks in the lending practices. During all of the 10-year period the insured banks were increasing their loans to the Government through increased purchases of direct and guranteed securities of the Government, due in part to increasing use of the banks in the deficit financing. But beginning with the end of the year 1941, when loans and advances by the banks to their own borrowing customers and loans to the Government were almost identical at $21,000,000,000, we find the huge upswing in the first two war years to $58,694,000,000 in advances to the Government as compared with a fairly steady figure of around $18,900,000,000 in advance to customers. Thus loans by the banks to the Government today are three times as great as their loans to all other borrowers. This disproportion may be augmented in part by the fact that the Government itself is competing with the banks in so many phases of the lending field, through production credit loans, and capital advances to industry through the Reconstruction Finance Corporation and similar agencies.

In October, 1942, in writing for the Investment Bankers Association Convention number of the "Economist" (Chicago), I predicted that by June 30, 1943, total investments of American insured banks would be between 50 and 60 billion dollars and that most of the increase, probably as high as $50 billions, would be in their holdings of Government obligations. On the preceding Dec. 31 total investments had been $28,032,000,000, of which some $21,046,000,000, or slightly more than 75%, represented loans to the government. Actually on June 30, 1943, total investments of the 13,302 insured banks of that date were $57,890,000,000, of which $51,541,000,000 were of governments. With an anticipated federal debt of some $300 billions before the war is over, the banks' holdings of government paper must continue to increase, with what result to the banks no one can foretell. The consequences to the FDIC are even more problematical if and when interest rates rise and the repercussions on the bond market begin to be felt.

Growth of Purchasing Power Media

Another significant development during the 10 years of the FDIC is the great growth of bank deposits and the phenomenal increase in money in circulation. Government financing through the banks has been the chief cause of the former, but government deposits through the bank purchases of federal debt obligations soon become the deposits of individuals and corporations as the Government pays them out on war contracts, wages, soldiers' pay, etc. Some of these changes are shown herewith.

TABLE II—CHANGING VOLUME OF PURCHASING POWER MEDIA AND IN CAPITAL STRUCTURE OF FDIC

	Volume of Capital Accounts, Deposits and Money in Circulation —At end of year—			§Capital Structure of FDIC —At end of year—	
Years	*Capital Items	†Deposits	‡Money Volume	Capital	Surplus
1934	$6,151,000,000	$38,996,000,000	$5,536,000,000	$289,300,000	$2,253,000
1935	7,210,000,000	44,126,000,000	5,882,000,000	289,300,000	16,758,000
1936	6,329,000,000	49,258,000,000	6,543,000,000	289,300,000	54,105,000
1937	6,404,000,000	47,191,000,000	6,550,000,000	289,300,000	95,201,000
1938	6,435,000,000	49,779,000,000	6,856,000,000	289,300,000	132,974,000
1939	6,524,000,000	56,076,000,000	7,508,000,000	289,300,000	168,040,000
1940	6,673,000,000	63,470,000,000	8,732,000,000	289,300,000	234,072,000
1941	6,842,000,000	69,420,000,000	11,160,000,000	289,300,000	265,415,000
1942	7,056,000,000	87,820,000,000 ¶(11,114,000,000)	15,410,000,000	289,300,000	327,644,000
1943	7,454,000,000	104,116,000,000 ¶(10,705,000,000)	20,449,000,000	289,300,000	**413,755,000

*Total capital accounts for all insured banks—capital, surplus, undivided profits and reserves for contingencies. Source: FDIC Call Reports.

†Composite total deposits, all insured banks, not broken down into time and demand deposits, but interbank shown under ¶. Source: **Ibid.**

‡Sources: Circulation Statements, U. S. Treasury, and Federal Reserve Bulletins.

§Sources: Annual Reports of the FDIC and Press Releases.

¶Interbank deposits. Not shown before 1942. Should be deducted to avoid double counting.

**Furnished by Corporation to writer, not yet published.

Old Capital-Deposit Ratio Gone

From Table II it is quite apparent that the old desired ratio of 10 to 1 between deposits and proprietorship items, i.e., total capital accounts, is gone. Many individual banks today show a 20 or 30 to 1 ratio, and for the insured banks as a whole it is about 15 to 1 and rapidly getting thinner. In 1935 when the Banking Act of that year was being considered, Jesse Jones, head of the RFC, with "funds to sell" in the form of advances to banks and in the purchase of capital notes and preferred stock from banks, wanted a legal ratio of deposits to capital set at 8 to 1; Leo T. Crowley, head of the FDIC, however, thought a 10 to 1 ratio ample for working purposes and did not want to see it set up by law, and his wishes were followed in the matter. Now the whole question needs to be reconsidered in the light of present conditions, in relation to **what kind of deposits** are involved, and what is done with those deposits, i.e., kept in cash or reserves for the most part or used in loans and investments.

Phenomenal Deposit Increase

While total deposits are broken down in the FDIC reports into Demand, Time, and Interbank deposits, that has not been done in the above table. So many time and so-called savings deposits are used in making purchases, and so many demand deposits remain static at times, that it is hard to draw a real distinction between them. All thus constitute purchasing power in the hands of corporations and individuals. With interbank deposits deducted to avoid double counting, there are still some $94,116,000,000 such deposits in the hands of the people. When to this is added the unprecedented volume of $20,449,000,000 of money in circulation, outside of the Treasury and the Federal Reserve Banks, this means that some $114,500,000,000 of dammed up purchasing power is now in the hands of the public. If it ever breaks loose and goes on a spending spree, all rationing and price control measures will be swept away in a moment or will be powerless to control such spending as might take place. Perhaps higher required reserves for member banks may have to come. There are apparently no real reasons for such an increase in Circulation Money as shown in Table II, unless it reflects currency hoarding which has been going on, of course, on quite a large scale. Greater confidence in the Government's fiscal and monetary policies might soon release such hoards.

Capital Accounts of the FDIC

The capital structure of the FDIC has been rapidly growing as seen in the table above. Capital remains the same as at the outset of the Corporation in January, 1934, at $289,300,000, made up of the advance from the Treasury of $150,000,000 and the $139,300,000 taken from the combined surpluses of the 12 Federal Reserve Banks. The income from the investment by the Corporation of these capital and surplus funds has so far covered the cost of operations and of losses of insured banks. Surplus has been expanding rapidly and with capital now gives the Corporation a capital structure of over $702,000,000. The Senate version of the Banking Bill of 1935 sought to limit such funds by having assessments against banks stopped when the total capital funds of the FDIC reached $500,000,000. The FDIC answer to this was that reserves must be built up in good times to take care of probable losses in times of stress, but there is still apparently no possible actuarial basis for the risks involved in the "insurance" of bank deposits, for such deposits "are no more insurable than individual success is insurable, or the loans and investments of an individual are insurable against loss."

Real Test of Whole Plan Yet To Come

Hence, the real test of the work and success of the FDIC is yet to come. When bond prices begin to fall, as they inevitably must with rising interest rates and rising prices, unless we remain permanently under a regimented economy, how long will the comparatively small capital funds of the insured banks serve as a "cushion" against falling bond prices? A 10 point fall in bond prices—and some of them fell by 19 points or more in 1931—would wipe out all of the undivided profits, most or all of the surplus, and much of the capital of many of our banks. Of course, the Federal Reserve banks might go on lending to member banks at par or their bonds no matter what their market price might be but this could be continued indefinitely only by the inflation of their own currency or by the use of taxpayers' money to meet the losses. Or some misguided panacea as the one recently proposed in Congress might be adopted whereby the banks might be allowed to carry their governments at par in their accounts, even though market prices were much below par. We are not likely to have such a measure under a free economy and a free enterprise system.

Thus if the banks begin to find themselves in real difficulties again, mainly through government action in relation to its financial program and through its competition with banks in lending operations, the FDIC may conceivably be called upon to use all of its surplus and capital in attempting to stem the tide against bank failures. How far a $700 million capital structure will go in taking care of $104 billions or more of bank deposits, if occasion demands, is anybody's guess. The record of the FDIC has been "so far so good," but its future, like that of our whole economy, is in the lap of the gods or in the political destinies that shape men and events.

British Govt. Spent $2,178,060 For Advtg. In First 3 Months

According to figures received by J. Walter Thompson Company from its London office, the British Government spent a total of $2,178,060 for advertising in newspapers, magazines and trade publications in the first three months of 1944. Of this amount $903,942 was placed in London papers, $818,746 in the provincial and suburban press, $383,433 in magazines and the balance, $71,936 in the trade and technical press.

It is added that the largest expenditures, by Government Departments, were made by the National Savings Committee which accounted for over 25% and by the Ministry of Food which accounted for about 22% of the government's total advertising outlay. Total expenditures for the current first quarter were $59,371 lower than for the same period of 1943.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Purolator; Brockway Motors; Mohawk Rubber, Moxie, Scovill Mfg., and American Export Airlines.

Also available on request to dealers only is a detailed memorandum on H. & B. American Machine Co.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Attractive Rail Situation

The Minneapolis & St. Louis Railway Co. offers an attractive situation according to an original analysis prepared by A. W. Benkert & Co., Inc., 70 Pine Street, New York City. Copies of this interesting, illustrated brochure may be had upon request from A. W. Benkert & Co.

OUR REPORTER'S REPORT

Underwriting bankers are awaiting, with more than the usual interest that attends a refinancing operation, further developments in the program projected by Commonwealth Edison Co., looking toward the refunding of a total of $178,000,000 of bonds.

It is not alone that this would constitute the largest undertaking since the Truth in Securities Act became law, but rather because it brings up another situation similar in many respects to the Brooklyn Union Gas Co.'s program which was upset by the New York State Public Service Commission.

Commonwealth Edison, like Brooklyn Union Gas Co., is an intrastate corporation. Its business, so far as financing has been concerned, has been done primarily through its own banking affiliations, headed by Halsey, Stuart & Co.

The latter firm is reported to have informed numerous banking firms affiliated with it in financing operations, that it is working with the company in seeking to formulate a plan of financing to provide for the retirement of all or part of $98,000,000 of 3½s of Commonwealth and $80,000,000 of 3½s of Public Service Co. of Northern Illinois now outstanding.

Bankers are wondering whether the Illinois State Utilities Board may not, as happened in New York last week, step in and order the prospective issuer to market the bonds by means of competitive bidding.

Considering the scope of the Commonwealth program, such a development might bring about complications, for some bankers doubt the ability of the industry to form two separate groups capable of undertaking such a piece of business.

Bond Redemptions Heavy

September, through to and including Oct. 1, promises to be a period of exceptionally heavy bond redemptions, judging by the flood of notices put forward by corporations in the last few weeks.

The first of next month will bring an unusually large turnover by way of retirements, through outright calls, and partial redemptions through drawings by lots. Bethlehem Steel's call for redemption of $60,000,000 of serial debentures, due 1945 to 1950, tops the calls for that date.

Meanwhile Atlantic Coast Line already has issued notice of drawing by lot of $9,000,000 of its 4s of 1952, backed by Louisville & Nashville collateral, for redemption on Oct. 1 at 105 and interest to Nov. 1.

Union Pacific Looks Ahead

Union Pacific Railway is looking ahead to 1946 and 1947 when the road will have maturities running to approximately $156,191,500.

And from the comments of F. W. Charske, Chairman of the system's Executive Committee, it is evidently the intention of the road to apply a substantial amount of cash in that direction.

This became evident when the head of the Interstate Commerce Commission's bureau of finance, early this week, questioned the need for the company to issue $8,120,000 of equipment trust certificates in view of its huge working capital, $138,000,000.

Mr. Charske's reply was that facing the maturity of these non-callable bonds "we think it is highly desirable" to build up adequate reserves against such maturities.

Competitive Bidding

Although Milo R. Maltbie, Chairman, did not say so in so many words, it now appears that the New York State Public Service Commission has definitely decided against allowing negotiated bond sales in the future.

The Brooklyn Union Gas Co., through its bankers, had set up its $42,000,000 refinancing and arranged for direct sale of both $30,000,000 of bonds and the $12,000,000 of new debentures involved.

But when it developed that other banking interests stood willing to overbid the prospective buyers, the Commission, after long deliberation, ordered the entire program to competitive bidding. So it looks as though Rule U-50, propounded by the SEC, is now the order of the day for utilities in New York State hereafter.

Investors Mutual, Inc.
A BALANCED FUND
Prospectus on request from Principal Underwriter
INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA
REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

Our Way's Inferior? Who's Winning War, Anyway?

By LESLIE GOULD
Financial Editor of the New York Journal American

Reprinted from the New York "Journal American," July 19, 1944

If there is one thing the war has done, it is to prove the American system of Government and the American system of free enterprise.

No other system anywhere has stood up under the stress and strain of war.

The Fascism of Italy has already gone overboard, and it won't be too long before German Nazism will follow. And the die is cast for the Japanese brand as evidenced by developments in recent weeks in the Pacific war and in the last few days within the Government of Tokyo itself.

The same is true of the communism of Russia. The form of that brand of government and economy has been modified by the war, but even that would not have saved Russia. What has saved Russia is the outpourings of the American factories — privately-owned and privately-operated.

The same also for the British form of Government and economy. It, too, would have fallen, but for American help.

The close call the British have had is the second one in a generation, in which only American intervention has saved the empire.

Because of its close squeek, the British are modifying their way of life, moving to the left in the direction of state control and some modified form of state capitalism. It is the Russian form that seems to carry the appeal.

And the Russians, because of their own close call, are modifying their system, moving more to the right and away from communism, every one equal, and all that bushwah.

Yet, what saved both the British Empire and the Russian Communistic union is the American system of free enterprise.

* * *

In view of all this, one would expect the British instead of moving to the left would be over here trying to find out how they might follow the successful American system and apply it to their economic set-up.

No, they display the same kind of thinking that deluded their country into believing the smart thing internationally was to allow Germany to rebuild herself into a strong power as buffer to red Russia.

And rather than send people over here to learn successful American methods, they send over men like Lord Keynes to try to lure this country farther down the unsound road of state socialism and deficit spending by Government.

* * *

The most shocking thing is that this country has leaders here dumb enough to fall for the preachings of the economics crackpots from across the water.

This may not be so strange after all. For the Roosevelt Administration has taken a defeatist attitude on this country and its future almost from the start. It has preached that we have reached a mature economy, opportunities are limited and there are no new horizons. The only hope, according to the New Deal, is lots of Government-made work and social security.

This inferiority complex has developed to such an extent that the Administration believes there is only one man in the country qualified and able to serve as President, that the courts must no longer be independent and free, and the law-making body must bow to the executive.

If that thinking is upheld this November, then the American system will find itself in the unusual position of having won a war abroad but having lost it and the peace at home.

Prices On Swedish Stocks On July 14

Prices on seven leading Swedish stocks at the close of business on July 14 are given below, together with the changes from the May close, and the figures (in parentheses) at the close of business on June 30, 1943.

Electrolux 129, up 3 (93.50); Grangesberg 181, unchanged (173); S K F 245, up 20 (233); L. M. Ericsson 41, up 1.50 (33.50); Separator 106, up 5 (89.50); Swedish American Line 114, up 2 (118); Swedish Match 22.50, unchanged (18).

Union Preferred Stock Fund
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Mutual Funds

New Offerings

National Securities & Research Corp. has issued an interesting "Preliminary Information" folder on its two new series which were announced last week. The new series are **Stock Series**, representing a selected and diversified group of dividend paying stocks, and **Industrial Stocks Series**, representing an investment position in modern scientific and technical developments. Both series were initially offered on Aug. 1, 1944, at an initial price of $6 per share for the **Stock Series** and $7 per share for the **Industrial Stocks Series.**

A special concession of 7% on orders executed in these two new series at regular offering prices to Sept. 30, 1944, has been announced. Total assets of the eight National Securities Series are now over $12,000,000 and total assets of the group of funds sponsored by National Securities & Research Corp. now exceed $20,000,000.

In addition to the announcement folder, National Securities & Research Corp. has also issued handsome portfolio folders on each of the new series. These pocket-size folders contain portfolio information and a condensed digest of pertinent features of the new series.

A third folder, designed to visualize the industries represented by the Industrial Stocks Series, has been released under the title, "The Investor Looks at the Future." Subheadings include Plastics, Electronics, New Drugs, New Alloys, Air Conditioning, Insulation, Synthetic Rubber, Aerodynamics, Plywood, and Synthetic Fibres. Following this impressive list of growth industries, is a paragraph aptly captioned, "The Future Beckons to the Investor."

* * *

"Intrinsic Values of High-Return Bonds" is the subject of the current issue of **Keynotes.** Total assets, funded debt, net current assets and interest coverage of the 50 bonds represented in **Keystone Bond Fund B-4** are set forth in the memorandum and are visualized by means of a simple, understandable chart.

The results show an increase of $595,000,000 in total assets; a decrease of $200,000,000 in total funded debt; an increase of $1,020,000,000 in net working capital and an increase in interest coverage from 1.01 times to 2.17

(Continued on page 499)

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Send for Prospectus
Republic Investors Fund, Inc.
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40 Exchange Place, New York

NATIONAL SECURITIES SERIES
Prospectuses upon request
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LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

DIVIDEND NOTICE
NEW YORK STOCKS, INC.
The following distributions have been declared on the Special Stock of the Company, payable August 25, 1944, to stockholders of record as of the close of business August 5:

Agricultural Industry Series	$ .08
Alcohol & Dist. Industry Series	.12
Automobile Industry Series	.06
Aviation Industry Series	.12
Bank Stock Series	.06
Building Supply Industry Series	.03
Business Equip. Industry Series	.10
Chemical Industry Series	.05
Electrical Equip. Industry Series	.06
Food Industry Series	.09
Government Bonds Series	.00
Insurance Stock Series	.07
Machinery Industry Series	.10
Merchandising Series	.08
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Public Utility Industry Series	.04
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Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON
Management Associates, Boston, Mass

Comments On Dr. Lohman's "What Price Economic Security?"

(Continued from first page)

of the commodity purchased against that of its price, so every economic policy requires us to balance its advantages against what we sacrifice to obtain them. Some sacrifice in freedom is certainly the "price" we have to pay for the Government brand of security and we may bitterly complain some fine day that, in many cases, the price was too high.

I well remember, a few years ago, the hasty approval of Hitlerism by German Labor spokesmen in statements recognizing that labor's liberties were being "slightly" sacrificed, but claiming that this was a small price to pay in return for their security. And I have wondered ever since what those labor leaders would say today if they were not muzzled—the muzzle being the least of the price that German Labor is now paying.

In America labor leaders like Matthew Woll are far-sighted enough to oppose any approach, in America, to such regimentation, whether of the German or the Russian variety, and remind me of the passionate devotion of Samuel Gompers to our American System.

Nevertheless, I wish to put myself on record as favoring a certain indispensable minimum of the New Deal brand of Social Security, much as I deplore and strenuously oppose the attacks on our system of Private Enterprise.

In the same way I agree with Mr. Lohman in opposing the Socialization of Banking but would point out that any effective control over our **monetary** system must of necessity be governmental. Banking is fundamentally lending. But this should not include, as it now does, the power to manufacture the money which is lent. As I have shown (in the "American Banker," January, 1943) the 100% reserve system for **checking** accounts would be advantageous to bankers. One "price" banks pay for their power to manufacture and destroy the circulating medium (checking deposits) is a great loss of freedom. For almost all the great mass of restrictions on bank activities grow out of the fact that banks have been allowed to mix money and banking. The distinction is generally overlooked. As Lohman says: "Few citizens realize that Government securities, primarily Treasury bills, have been monetized"—that is, have generated deposits ("check book money"). This is the chief source of inflation today.

I agree that Capitalism is in danger, and not only from Governmental price regulation and Governmental control of interest rates—both emphasized by Lohman—but also, and even more, by Government taxation of business—not emphasized by Lohman. On this I have expressed myself already in your pages. The crux of such injurious taxation is the part of our taxes which fall on business expansion. That should be exempt.

I hope business leaders, seeing the handwriting on the wall, will formulate and favor a rational division of powers between Government and business and in particular take over some of the task of giving labor a modicum of social security. It is quite true that progress involves risk-taking. But it is, I believe, a wrong allocation of these risks when labor is required to assume as much of them as at present. A capitalist can afford to take big risks. But a laborer who is forced to have no income at all for a while because of some technological improvement is paying too high a "price" for his chance to find another job and enjoy lower prices because of that technological improvement. Capitalists should smooth the way for such readjustments. It was largely their failure to solve that part of the problem of unemployment which precipitated the New Deal which they hate so much and, for the most part, rightly.

HON. FRANCIS CASE
Representative in Congress from South Dakota

The article by Philipp H. Lohman, entitled "What Price Economic Security?" is stimulating.

Francis Case

I wish that a copy of it might be placed in the hands of every county seat editor in my Congressional District.

DR. ROY L. GARIS
Associate Professor of Economics, Vanderbilt University, Nashville, Tenn.

Dr. Loman's article is so sound it should be read by every American who loves his country and his freedom. Unless serious attention is given at once by every American citizen to the warning set forth by Dr. Lohman our boys fighting over there may return here after the defeat of our enemies to find here the principles and things they fought against over there. The dangers are more real than even thinking Americans suspect. Someone has said, "if you can't sign it, don't say it." Every American should say: "If I don't want the same principles applied to me, I won't advocate them for other Americans." That would make most of them realize how indirectly they have been and are advocating socialization of business by many of the policies now being recommended and even pursued. Then when business men advocate subsidies for water, air and highway transportation, they make socialization of transportation inevitable. Socialized transportation and banking are but a step toward socialized business. In their desire for ill-gotten profit, aren't some American business men and labor leaders "digging their own graves"? Dr. Lohman's article is more than a warning—it is a guide that must be followed down a straight and narrow road.

Roy L. Garis

EDWARD BALL
Florida National Building Corp., Jacksonville, Fla.

"What Price Economic Security?" by Dr. Philipp H. Lohman is a most interesting article. Of course there are many viewpoints on what constitutes economic security; and while I never expect in my lifetime to see a return to free economy, I am strongly of the opinion that both economic and political security comes from a free economy and, politically, I believe in the theories as set forth by Thomas Jefferson, "that people is governed best that is governed least."

DUNCAN W. FRASER
President, American Locomotive Co., New York

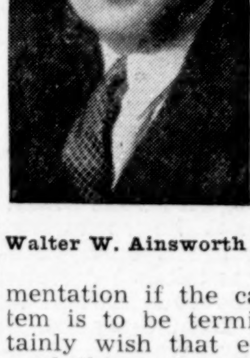
A particular point made by Dr. Lohman that interests me is that progress means insecurity but that violent fluctuations can be minimized so as to increase security, although such security will incur a price.

It is essential that the price be within the capacity of our organized society. Beyond this it seems to me the crucial need is that we must learn to maintain and develop individual initiative so that risk will be embraced and progress will continue.

D. W. Fraser

WALTER W. AINSWORTH
President, Metropolitan St. Louis Co., St. Louis, Mo.

I have again read the article, "What Price Economic Security?" by Dr. Philipp H. Lohman, which article appeared in the "Commercial and Financial Chronicle" issue dated July 6, 1944. I think that this is a very comprehensive interpretation of economic security. Everyone should know that if they demand economic social security that they give up their liberties and we must come to a complete regimentation if the capitalistic system is to be terminated. I certainly wish that everyone could read this article and understand its full meaning.



Walter W. Ainsworth

W. HARNISCHFEGER
President, Harnischfeger Corp., Milwaukee, Wis.

I have read with interest, Dr. P. H. Lohman's article entitled, "What Price Economic Security?" I am in accord with a great many of the viewpoints expressed therein. In other words, I believe in a free capital market which, of course, implies a free labor market and a free price system. In fact, I believe that if this country is to survive as a capitalistic country, these points are fundamental. We have, however, in my opinion, gone so far away from the fundamentals that it will be a long, hard road to get back to a free economy. Time alone will tell which system will win out. In my opinion, we will either wind up with a planned economy or state socialism of some form, or we will get back to a free economy. However, this road will not be easy.

Our first problem, in my opinion, is to bring this present conflagration to an end. We will then have to straighten out our own "back yard." We will have to eliminate waste in Government, balance our budget, and let the law of supply and demand again take its natural course. Our Government will have to get back to a sound fiscal policy.

I believe that the printing presses are going in the country today, and it will not be easy to stop them. We will have to find out how the communistic philosophy and the capitalistic one can be worked out in international markets. Personally, I have my very grave doubts. I also believe that Lend-Lease will have to be rationalized, and the scheme as proposed in the new international bank will dilute our sound assets with a great many questionable ones. All of these actions on the part of the Government will naturally bring us away from the capitalistic system as we have known it.

I am hopeful that there will be some swing to the right this fall and that, during the period of readjustment, we will be able to get back to some of the fundamentals that this country was built up on. However, under the most favorable conditions, I believe that we will have a difficult road ahead.

FRANK L. KING
Executive Vice-President, California Bank, Los Angeles

I found "What Price Economic Security?" very provocative reading, and it was a refreshing experience to see some of our fundamental social problems examined without the usual categorical condemnations and offerings of panaceas. If we are looking for solutions, those more approximating the right ones will be found only after dispassionate analyses. Probably this is a pastime which those of us with ready answers could, with profit, more often indulge in.

Frank L. King

I was particularly interested in Dr. Lohman's observations regarding the part played by banks in financing the war. He points out that after the war the banks may be called on to hold even larger amounts of the Government debt due to liquidation of corporate and individual holdings. He remarks that this will provide an opportunity, for those wishing to make political capital, to call attention to the taxes being levied to pay banks a profit on riskless assets. This is a possibility which banks cannot afford to dismiss lightly. And it is a possibility which can become a reality only if public opinion remains uninformed on the nature of the fiscal operations involved, and if it remains ignorant of the part banks have played in financing the war.

The prevention or cure for this is, as Dr. Lohman suggests, more enlightened public relations work. Perhaps we are guilty of the charge he makes against business in general that our public relations policies are dismal failures from the standpoint of educating the public. At any rate, it is certain that any institution so closely tied to the public interest as are banks, must broaden its base of popular support if it is to survive as a private enterprise. And it is to the point here to observe that where the opinions of people are concerned, their numerical weight is of more consequence than is their financial weight.

JAMES R. BANCROFT
President, American Institute of Finance, Boston, Mass.

I am afraid that my reactions to Dr. Lohman's views will not be worth much inasmuch as I agree with them completely. I think the Doctor has hit a very important problem, namely, the apparent desire of many in our country to have their cake and eat it too—in other words, to have security and economic freedom. I do not believe the two are at all compatible.

It has been said that a nation can only progress to the extent that it can stand losses. In my opinion, if the major endeavor is economic security, it must be at the cost of economic progress.

ALFRED MARCHEV
President, Republic Aviation Corp., Farmingdale, Long Island, N. Y.

I would like to say that I think "What Price Economic Security?" is a timely, well-written article, which contains a lot of good "horse-sense."

Alfred Marchev

LOUIS S. HOUGH
Assistant Professor of Economics, Miami University, Oxford, Ohio

All of us at Miami University read Phil Lohman's discussion with considerable interest when it came out — and are in substantial agreement with the attitudes expressed.

We believe that your periodical, more than any other which is read widely by practical business men, is doing noble service in bringing together the ideas of academic and business thinkers for comparison and mutual growth.

Louis S. Hough

L. O. HEAD
President, Railway Express Agency

In my opinion, Dr. Lohman's analysis of several of the avenues which may be traveled in the post-war years, and the costs involved, is a thoughtful and important contribution to the thinking of all of us who are planning for those years. I appreciate the opportunity to have read it.

HUDSON B. HASTINGS
Department of Economics, Yale University

I have read "What Price Economic Security?" with interest and I wholly agree with Dr. Lohman's thesis, that if the Government undertakes to insure a high degree of economic security to its citizens, it inevitably involves the loss of economic freedom and a much lowered standard of living. It is well stated.

I am sorry, however, that Dr. Lohman did not also point out that another major "price tag" on governmentally assured economic security is a complete loss of political freedom.

In the entire history of the world, no government which has ever undertaken to provide its citizens with economic security has found it possible to maintain political freedom. It cannot tolerate the constant interference with its economic plans by a democratically elected Congress or corresponding body. Therefore the inevitable end of governmentally assured economic security is a complete loss of both economic and political freedom. The most recent examples of this are Russia, Germany and Italy. Political dictatorship is therefore one of the inevitable "price tags" of security, and in my judgment it is fully as important a consideration as economic dictatorship.

WILLIAM A. ROBERTSON

National Board of Fire Underwriters, New York

I have read "What Price Economic Security?" by Dr. Philipp H. Lohman with the most cordial approval and admiration. It is precisely the sort of thing which the whole country needs today in the worst way. Dr. Lohman's views are simply fine. I hardly think there is anything he says to which I cannot subscribe. Certainly, as a whole, the paper is one deserving of high commendation. His sentence near the close of his paper, that "the price of progress itself is insecurity," sums up the whole philosophy of life for one of my way of thinking. I am a fellow born and raised in the 19th century, during the Victorian era, of which fact I am proud. I have never unlearned the teaching of Jefferson as to "life, liberty and the pursuit of happiness." I am close to being a disciple of **laissez faire** without restraint save where absolutely necessary. I think our Interstate Commerce Commission comes close to being something very like a failure, after about 57 years of struggle and floundering. The task given to it was nearly impossible of fulfillment: I fear the Federal Reserve Board is likely to make a second failure.

Wm. A. Robertson

WALTER P. NAPIER

President, Alamo, National Bank, San Antonio, Texas

I have read Dr. Lohman's article, "What Price Economic Security?" with a great deal of interest, and think that it is one of the best treatises that I have seen on the subject.

Walter Napier

F. L. LIPMAN

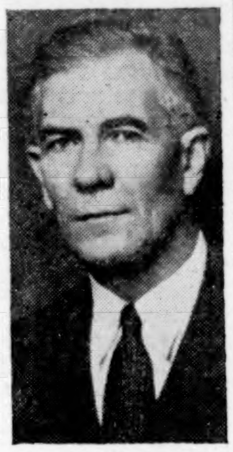
Chairman of the Board, Wells Fargo Bank & Trust Co., San Francisco, Calif.

It is refreshing to read an essay based on sound economics. What Dr. Lohman says about social security, economic freedom, the interest rate, is fundamental. When he says, "Socialization of bank credit may be around the corner unless financial leaders will leave their foxholes into which the New Deal has driven them, brave whatever storm might come, get together and sit down with the politicos." I wonder. Such a prescription is not uncommon, but is it practicable? Characteristically, the politician talks, the business man acts. A conscientious statesman may inquire into a situation and open his mind to grasping it, but how can business leaders tell him anything beyond such a leader's experience of his own limited field? Such an approach by business men is bound to be theoretical, and, on the whole, the business man is not as good a theorist as the politician. When the initiative has come from the politician, we have seen results. When a business enterprise is not prosperous, it can hardly be improved through advice of men engaged in other activities. It needs a new management.

HON. A. WILLIS ROBERTSON

Representative in Congress from Virginia

The article by Dr. Lohman in your July 6 issue is interesting and stimulating. The fullest measure of self-government necessarily implies the fullest measure of personal responsibility. On the other hand, farmers can't sell on a free world market while buying the products of industry in a protected market. Unorganized industrial workers can't compete with the power of concentrated wealth. In a highly technical era the uneducated and unskilled can't compete with the educated and skilled, yet the poor, without Government help, can't get an education. It follows that the more complex organized society becomes the more rules of the game are required to make competition equal and fair. In a representative democracy that is the proper function of government—not to play the game but to make fair rules under which capital, brains, energy and character may be suitably rewarded. When the war is over we should have two peace conferences—one in Europe to deal with war problems and one in Washington to deal with domestic problems. The latter conference should be between capitaly, labor, agriculture and the white-collar workers, and they, like those attending the European conference, should strive for a peace that is both just and lasting.



A. W. Robertson

BERKELEY WILLIAMS

Richmond, Va.

By the laws of permutation and combination I do not know how many different ways there are in which Dr. Lohman's subject might be discussed but I have read at least 300 and right here I am mindful of what Virgil Jordan said in what I regard as a classic address to the 28th Annual Meeting of the National Industrial Conference Board, May 18, this year. I saw it in The Chronicle, and incidentally practically all of the ablest discussions on Finance, economy and politics appear in The Chronicle. Introducing three speakers who were to talk on the "post-war riddle" viz.: What we might do that will employ our labor and machines and use up our materials as fully as war has done or, as he expressed it, the "economic equivalent of war," Mr. Jordan said, "in all the 261 meetings of The Conference Board during the 28 years since it began its work before the last preceding World War we have been discussing one aspect or another of the opportunities and problems of employment, before, during, after and between wars. . . . If after all this discussion, you were to ask me what we know about the opportunities and problems of post-war employment we did not know 25 years ago, or a year ago, it would be hard to say. . . . Statesmen and business men, too, still circle swiftly in their statistical squirrel cages in search of the right answer to the riddle, hoping to discover the Secret of the Pyramids . . . at least the political secret of permanent prosperity and complete employment apart from war and its peace time counterpart of fake work with fake money."

Berkeley Williams

Dr. Lohman says, "Nearly five years of war have fundamentally altered American ideas of values." I think Mr. Jordan was nearer right when he declared, "Somewhere along the road that led to this disaster during the DECADE (my own emphasis) of delusion and confusion and demoralization just ended we have lost or surrendered that unique and almost instinctive faith which heretofore, in every crisis or difficulty, had framed the questions and the answers for us infallibly. And having lost it we forgot what till that time every American had always known, unconsciously and surely, from the beginning, which is that government at home or elsewhere in the world is ultimately the only enemy of peace or plenty he has to fear, because it has always been the greatest common multiple of the limitless greed for power among men and groups. This war should have reminded us of that, both in business and labor, but so far it has not, and so we face the future and frame our questions and answers for it, confused and frustrated as we never were before, believing no longer in ourselves, but in the providence, omnipotence and omniscience of the unlimited State."

But Dr. Lohman is on safe ground when he says, "Democracy is still an experiment" but it is doubtful if "The next 20 years, if not the next 10 years, may well decide whether it has been a successful experiment." In the first place what is democracy, and in the second, the cycle has been Capitalism, Communism and Revolution for 6000 years and will probably continue to be for another 6000.

"Like leaves on trees the race of
man is found,
Now green in youth, now withering on the ground.
Another race the following spring
supplies;
They fall successive, and successive rise.
So nations in their turn decay,
Some come to life, while others
pass away.

The Doctor is also on safe ground when he says, "Insecurity is not a bad thing." If I may inject a personal reference I'll say that my father had six sons and two daughters with his maiden sister and my mother's maiden aunt—we were 13 in the family and lived in a house with four bedrooms and two hall rooms, no running water or any modern convenience, never more than two meals a day and never heard of insecurity but father and all six sons made "Who's Who in America"—we never set the world on fire with any stupendous accomplishments but there we are, all seven of us. So poverty is bad but has no terrors for me.

Another doubtful point in Dr. Lohman's contribution is his assumption that men can or will "inform themselves of the ability and trustworthiness of their candidates and perpetually cast a wary eye toward incumbents." He gives man too much credit for thinking.

Here's what Edgar James Swift said in "The Jungle of the Mind":

"Among the many myths of the mind the most disastrous, perhaps, is the belief that man is a thinking animal. That he

(Continued on page 498)

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Canadian Securities

By **BRUCE WILLIAMS**

In a world where economic trends have become increasingly dependent on political trends, it is not surprising that Canadian securities markets continue to mark time pending the outcome of the provincial elections scheduled for August.

Competent American observers are saying that the political future of Canada is likely to be determined in these three provincial elections, the first of which will come on August 8, when Quebec and Alberta go to the polls, followed by New Brunswick on Aug. 28. Should the socialistic Cooperative Commonwealth Federation win out as it did recently in Saskatchewan, the result may well be to advance the date of the Canadian federal election.

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According to the five-year limitation, Prime Minister Mackenzie King may prolong the term of the present Canadian Parliament until the end of next March, with an additional two-months grace for the actual voting. However, a repudiation of the Prime Minister's Liberal Party in the coming provincial elections would likely force the hand of the Government in calling an earlier national election.

As pointed out in this column recently, the implications of such a development are not as chaotic as they would appear on the surface. Actually, Canada has been participating in the world-wide political swing to the left in recent years within the framework of the Liberal Party—just as we have participated in the same leftward movement through the Democratic Party.

* * *

From the recent downtrend in Canadian production, it would now appear that the peak was reached last February when the Financial Post Index topped at an all-time high of 264.1. Since then, Canadian production has declined steadily to 248.5 for June — the first month in which production fell below the output of the preceding year since the outbreak of the European war.

According to the Financial Post, unproductive manpower and materials are the key to the drop, with war's demands finally overbalancing the power of the economy to expand. "Unproductive labor, machines worn out after nearly five years of accelerating production and small replacement, apparently cannot keep up the pace set by the economy at its peak."

It is noteworthy that our own production peak was reached last October — four months ahead of the Canadian peak.

The markets for Dominion bonds and Canadian provincials were quiet and inactive last week. After declining rather sharply on the election returns, Saskatchewans have shown some recovering strength, with the 4½s at 86½ bid and the 5s at 92 bid.

Canadian internals were slightly easier in a dull market, closing the week at 10%-9½% discount.

In the second-grade corporate list there was somewhat more activity without much net movement either way. Abitibis started the week at 84½, declined to 81½ and recovered to 83⅝-4.

Until the uncertainties raised by the coming provincial elections have been settled, it appears likely that the markets will continue dull and listless with activity confined to sporadic interest on either side.

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Comments On Dr. Lohman's "What Price Economic Security?"

(Continued from page 497)

may think is proved by the achievements of the few. That he does think is quite a different claim because it implies that thinking is his natural prerogative, that it characterizes each individual and that it distinguishes man from his primitive and remote ancestors of the jungle.

"Thinking is not a natural, spontaneous process. It is an adventure in unknown regions, and adventuring appeals only to sturdy, vigorous minds. Many soon tire of trying to understand the strange things in this strange world. For them meaningless phrases, whether they be in politics, science, healing, or philosophy, are knowledge, and repetition completes their thinking. Obscurity sounds like wisdom.

"We all fondly cherish the belief that we are ultra-modern today, yet primitive credulity was not banished with the arrival of radios and airplanes. Belief that a mysterious name explains a mystery! Mistaking unintelligible phrases for the coin of knowledge! Innocent trust in the evidence of our senses! Letting the emotions pilot us in the mental explorations which our complacency calls thinking! These are among the characteristics of both savage and twentieth-century man.

"After getting just enough knowledge to misunderstand it, many people join some group, either a cult, a sect, or a party, whose leaders manufacture their beliefs and opinions."

I will not close without an expression of admiration for the patriotic service you render in your consistent and persistent support of a sound finance and sound economy. Keep it up, and remember St. Paul's words to Timothy, "Preach the word; be instant in season, out of season, reprove, rebuke, exhort."

J. B. HILL

President, Louisville and Nashville Railroad Co., Louisville, Ky.

The article by Dr. Philipp H. Lohman, entitled "What Price Economic Security?", is an interesting and forceful presentation. One sentence in the article sums it up, namely, "How far are individuals willing to fork over their freedom of action in return for security?" None of us would deny to all mankind the best condition it is possible for it to attain. The question at issue is, what will produce the best condition? Perhaps the people of the United States have been better off under our form of government, on the average, than the people of any other country under any other form of government. This is an effective argument if it is widely enough presented. Those of us who believe in the capitalistic system have, for the most part, done a poor job in presenting the importance of preserving freedom of individual action and what it has accomplished.

J. B. Hill

Some times I think that it is impossible for the average man to think of principles which should control the wants and desires of 130 million people. We ought to be able to reduce these desires to some common denominator and to a much smaller group; perhaps 130 different classifications would suffice and this 130 would be truly representative of what is good for the 130 million. If somebody could make this classification, and from a study made by representatives of the 130 groups some set of principles probably could be arrived at which could be presented to the average man as something he could support in the interest of all men. I doubt if there is any way for the average man to understand sufficiently the complexities of government and business to exercise the right of sufferage intelligently. If it is to be done intelligently, then help and direction must be given by intelligent leadership. This does not rest with men elected because of their popularity and ability to get votes. It must necessarily rest with men who are less self-interested, and who will advocate the election of better qualified men to represent us in government.

WILFORD I. KING

Professor of Economics, New York University

I am favorably impressed with Dr. Lohman's thesis and his manner of expressing it, particularly when he says, "The price of progress itself is insecurity." His article should be read along with the chapter in Henry M. Riston's book, "Challenge to Freedom"—the chapter on the cost of full employment. It seems to me that someone should have the courage to say simply and clearly that "full employment" and "security from cradle to grave" means penalizing the clever, studious and hard working, in favor of the stupid and lazy.

Willford I. King

FRED W. ELLSWORTH

Vice-President, The Hibernia National Bank, New Orleans, La.

I enjoyed reading Dr. Lohman's discussion of "What Price Economic Security?" and find it easy to agree with most of his conclusions.

I am not so sure, however, that we can consider Democracy still an experiment; of course it is not perfect, but we must remember that no form of human government can be perfect this side of the millennium. After all, Democracy certainly has given mankind its very best opportunity to live a free and comfortable life.

I am glad that he gives credit to the bankers for having "carried a tremendous burden in financing the war." As I recall it, the bankers have raised about 85% of each of the five War Loans, but the general public doesn't know it. Perhaps the bankers are at fault for this condition because they are too reticent about blowing their own horns.

I am wondering if Dr. Lohman, in referring to the bankers having been driven into foxholes by the New Deal, didn't indulge in a confusion of terms, for I opine that he meant the dog-house rather than the **foxhole.** It is a well-known fact that scheming politicians always look for a whipping-boy whenever things go wrong, and that means the dog-house for the victim that they decide to whip.

And I am glad that he called attention to the fact that this thing called "Social Security" is not handed out by a Santa Claus, but is **paid for** by a very defnite deduction from each recipient's salary check **every pay-day;** and, according to my information, the proceeds are used for the current expenses of the Government!

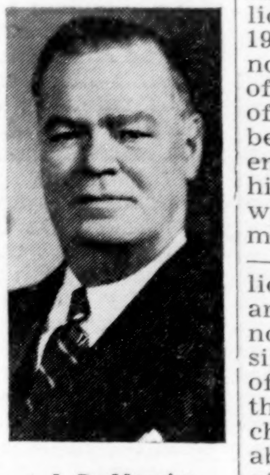
JEREMIAH D. MAGUIRE

Chairman of the Board Federation Bank & Trust Co. New York, N. Y.

The article by Dr. Lohman, "What Price Economic Security," is indeed one that challenges the attention of any reader.

Dr. Lohman is very sound in his philosophy. He has a rare grasp of the co-relationship between industry, banking and labor. His caution signal on the bank's contribution to war finance deeply impresses me, as I dare say it does many of my cotemporraries.

I have been thinking along the same lines as Dr. Lohman. It is comforting to have a man of his intelligence in the same school of philosophy.

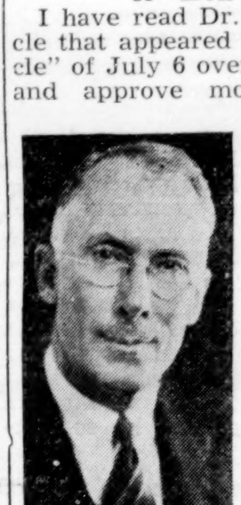

J. D. Maguire

EVERIT B. TERHUNE

Vice-President, Chilton Co., Inc., New York City (Publishers of "Iron Age")

I have read Dr. Lohman's article that appeared in the "Chronicle" of July 6 over very carefully and approve most heartily of everything Dr. Lohman says. In fact, I wish I might have written this article myself.

I was especially impressed with his statement that "insecurity is not a bad thing. Insecurity of some sort is the essence of adventure." How true that is. And then he concludes with this statement: "The price of progress itself is insecurity."


Everit B. Terhune

There is no doubt but that the price for economic security will always cost Mr. and Mrs. J. Q. Public a reduction in their freedom of action.

W. L. KEADY

President, United States Gypsum Company, Chicago, Ill.

I read Dr. Lohman's article and consider it one of the best things I have read on the subject. It seems to me there is a continuing line of thought which would pierce the fog of "Economic Security" by exposing the sandy foundation upon which it is being built. Dr. Lohman must have had that clearly in mind when he wrote the article. If this could be stated in simple terms for the benefit of our deluded people, it might put some sense into this silly security thinking.

J. RAY CABLE

President, Missouri Valley College, Marshall, Mo.

The demand for security in such a world as we have today is quite understandable, but it has always been my opinion that the price of security may easily be too high. No serious student of American economic history should fail to see that intelligent risk-taking has been the mainspring of progress in this country.

D. P. SHEEKS

President, First National Bank of Port Arthur, Texas

We heartily agree with Dr. Philipp H. Lohman in "What Price Economic Security?"

We are getting more and more socialistic and losing individual initiative. Invested capital will decrease. Government by Bureaus is the trend.

Jobs After The War

(Continued from first page)

for jobs within a year after the firing ceases. Is there any chance that this large and sudden collapse in government buying and this swift flooding of the labor market will fail to plunge the country into a depression far worse than that of 1933?

II

The need for goods will be at an all-time high. In 1941, with five million people unemployed, Americans were driving 29 million automobiles; at the end of 1943, 26 million. Automobiles are now leaving the road at the rate of about 5,000 a day. By the end of 1944 the number of cars will be down to about 24 million. If employment after the war is higher than in 1940, Americans will wish to drive considerably more than 29 million automobiles—probably 33 million or 34 million. There are over six hundred articles of iron and steel that have not been made for civilian use since early in 1942. By the end of the war (say, in 1945 or 1946), the accumulation of deferred purchases of these goods will probably be equal to two years' sales at the 1940 rate. This assumption indicates the following accumulated needs:

	Million
Vacuum Cleaners	3.5
Clocks	7.2
Radio Receivers	23.0
Refrigerators	5.2
Washing Machines	3.1
Waffle Irons	1.5
Heating Pads	1.8
Percolators	3.7
Toasters	4.5

If every house lasted forever, we should need about 550,000 new dwelling units each year to provide for the increase in families. In 1942, the number of permanent dwelling units constructed was 358,000; in 1943, 163,000; and in 1944 it will apparently be about one-fifth less than in 1943. By the end of 1944 there will be a deficiency of at least 750,000 in the number of permanent dwelling units constructed since Pearl Harbor.

The normal number of marriages in the United States is about 1,400,000 a year. At present there are about 1,200,000 more married couples in the United States than there would have been had the war not occurred. In 1944 and 1945, the number of marriages may be below normal, but even if the war ends by 1946, the number of families will perhaps be 800,000 greater than it would have been had the war not occurred. A high proportion of the 6,600,000 couples who have been married during the last four years have not set up housekeeping and have purchased little furniture and household equipment. The greatest marriage year in history was 1920. The marriage peak in the United States after the present war is likely to be less than after the first World War but some peak is to be expected. It seems certain that the accumulated need for household goods, after the war, will reach new highs.

III

Great and pressing needs for goods do not necessarily mean demand. That requires purchasing power. During the last three years individuals have been compelled, by the sheer scarcity of consumer goods, to save over $75 billion. This is as much as they would have saved in 10 years at the 1940 rate. Business enterprises have also greatly increased their liquid assets. Although profits have increased far less rapidly than output, and the tax liabilities of corporations have increased nearly $15 billion between 1930 and 1943, corporate holdings of cash, bank deposits, and government securities increased by $25.5 billion and their net working capital by $17.0 billion.

IV

No one really knows whether individuals and business concerns will be willing to spend their enormous purchasing power freely after the war. It is at least conceivable that the swift drop in government buying will produce a sort of economic shell shock and will leave people too frightened and dazed to spend their money. But if this happens, men will be behaving in a new way. Never before have millions of people with a huge excess of liquid assets over liabilities been unwilling to use their purchasing power freely to feed and clothe themselves and to buy shelter, education, travel, and amusement provided goods could be had at more or less customary prices.

V

Let us suppose that 57 million people are working after the war, and that they are working about 7.5% fewer hours per week than they are working today. At 1943 prices and at present efficiency, they would turn out about $156 billion of goods a year. The government will use about $31 billion of this product, leaving $125 billion of output available for consumption by individuals, business concerns, and our foreign customers. Would this quantity of goods be sufficient to meet the demand?

The income of 57 million people working 7.5% fewer hours than in 1943 would be $130 billion. After the payment of personal taxes, they would have about $118 billion to spend on consumer goods or to save. How much would they spend on consumption? The experience of 1943, when people spent $84.5 billion out of $124 billion on non-durable goods and services, is a guide. How much more would they have spent on non-durable goods if beefseaks, butter, cheese, fuel oil, gasoline, tires, Pullman space, hotel accommodations, had been readily available, if they had had time to take vacations, if they could have found labor to paint houses or to make repairs, if they had not been buying war savings bonds as a patriotic duty? It is a conservative estimate that the demand for non-durable goods would have been 10% more than it actually was. This would indicate that with incomes of $118 billion after taxes consumers would buy $88 billion of non-durable goods a year. On durable goods consumers spend in good years about 10% of their incomes after taxes. With incomes of $118 billion, they would then buy nearly $12 billion of durable goods.

These estimates take no account of the demand that has accumulated during the war and which for durable goods may be conservatively put at double the quantities sold in 1940. In 1943 prices the deferred demand would be about $17.8 billion, or, spread over four years, $4.4 billion a year. A demand of $88 billion for non-durable goods, a "normal" demand of $12 billion for durable goods, and an annual "catching up" demand of $4.4 billion for durable goods would mean a total post-war consumer demand of $104 billion.

If the government takes $31 billion and consumers $104 billion of an output of $156 billion, there will remain $21 billion with which to increase the number of houses in the country, to increase the plant, equipment, and inventories of business, and to supply our foreign customers.

The demand for residential building may be abnormally low for a year or two because many people will await clarification of economic conditions before starting to build. If no more houses are built than in 1939, the cost, at 1943 prices, will be about $2.6 billion.

Most demands of business will be very large—at least for several years. The restoration of business inventories will take about $3 billion for nearly three years. A survey of about 100 enterprises in widely scattered industries indicates that they intend to spend about one and three-quarters of their depreciation allowances on plant and equipment during the first few years after the war. This would mean purchases of about $14.3 billion of plant and equipment a year by all established concerns. Purchase by new enterprises may be expected to bring the total up to $16 billion.

In view of the great needs of the rest of the world and the large foreign balances in the United States, the export of goods from this country will exceed imports by at least $3 billion a year for several years after the war.

All of this indicates that the total demand for housing, industrial plant and equipment, inventories, and net exports will be about $22.5 billion. With government demanding $31 billion of goods and consumers $104 billion, the total demand would be about $157.5 billion, or $1.5 billion more than the estimated output of 57 million men working 7.5% fewer hours at present efficiency. The conclusion is that the post-war demand for goods is likely for two or more years to test the productive capacity of American industry, but that business enterprises, by small improvements in efficiency, should be able to meet the demand and to prevent a disorderly rise in prices from being started by an excess of demand.

VI

The economy which will follow the war for some years may be called a "catching up" economy, because the demand for goods will be based upon the large needs that have grown up during the war. Many of the catching up demands, however, will be temporary and this may introduce violent fluctuations in production and employment. After four or five years of very large automobile production the output of cars is likely to drop to the number needed to meet ordinary increases in demand and replacements. The deferred demand for many durable household goods will have been met in about three years. The business demand for the building up of inventories will prove temporary. The surplus of exports over imports may also prove temporary — indeed, it **must** prove temporary unless the United States is to play Santa Claus to the rest of the world.

As the accumulated demand for durable consumer goods, industrial equipment, inventories, and other goods subsidies, the country must depend upon an expansion of industrial construction and residential building to prevent a drop in total employment. The potential demand for construction and equipment is enormous. Certainly with 57 million people working and spending their incomes, nearly every large city in the United States will need at least one new good hotel. Much new railroad equipment will be necessary even with automobiles back on the road and gasoline available for cross country driving. The present high levels of industrial employment have been achieved with present equipment only by widespread use of night shifts. With 57 million people employed after the war, the number of holders of non-government jobs will be 3 million more than it now is. These people will need places to work and machines to run. To produce an annual product of one dollar ready for delivery to the consumer, there is needed an investment of two dollars in plant, equipment, and inventories. If annual consumer expenditures after the war are about $104 billion, or $30 billion more than in 1940 (in terms of 1943 dollars), the fairly immediate needs for industrial plant, equipment, and inventories will be about $60 billion above 1940. One should remember that even in 1940 the country had far less plant and equipment than would have been needed for reasonably full employment of the work force. During the previous 10 years the work force had increased by 6 million with virtually no net additions to plant.

The potential post-war demand for housing will also be very large. The demand for new housing comes almost entirely from families receiving $2,000 a year or more. In 1925, our best housing year, such families spent about 12 cents out of each dollar of income on new housing. With income payments of $130 billion, families receiving $2,000 a year or more would have total incomes of $80 billion. If these families spent for housing 12 cents out of every dollar after taxes, the annual demand for housing should run nearly $10 billion a year.

VII

Sooner or later the country will have to make the shift from a "catching up" economy to a self-sustaining economy. This second shift, however, will in some respects be more difficult than the first shift from war production to peace-time production. Business will need to do a better job in getting people to spend their incomes for consumer goods and the government will need to do a better job of providing a hospitable environment for enterprise and of encouraging pioneering, innovation, and expansion. Among the reforms needed in government policies, for example, will be a thorough overhauling of the present system of taxation. The federal government for some years has taxed out of existence billions of dollars of possible payrolls because it has imposed far heavier levies upon incomes derived from giving jobs than upon incomes derived from holding jobs.

The people will need a yardstick by which to test whether the government is doing a reasonably good job of encouraging enterprise and of providing incentives to pioneers and innovators. The test of a reasonable rate of economic progress might be 15% more output available for consumption for each man, woman and child every 10 years. This is a slower rate of increase than the country has achieved in any decade of its history except the decade of the thirties. An increase of 15% per capita every 10 years would mean that output would rise (in 1943 prices) from about $156 billion shortly after the war to $187 billion by 1950, and to $229 billion by 1960. Awareness of these great potentialities of our economy will help us keep our sights high, stimulate our confidence in our power to achieve, help us retain and strengthen the spirit of pioneering and innovation.

Attractive Speculation

Central Electric & Telephone common offers interesting speculative possibilities, according to a detailed memorandum on the situation issued by Amott, Baker & Co., Inc., 150 Broadway, New York City, which is particularly timely in view of the fact that stockholders have just authorized a capital adjustment program. Copies of this memorandum may be had from the firm upon request.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Milton E. Ladish** has become associated with **Slayton & Company, Inc.,** 111 North Fourth Street, St. Louis, Mo.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Edwin J. Ludwig** is now affiliated with **F. S. Moseley & Co.,** Field Building. Mr. Ludwig has recently been with the office of the Alien Property Custodian; prior thereto he was with A. C. Allyn & Co., Inc. and Webber, Darch & Co. In the past he conducted his own investment business in Chicago.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Wilson Moran McKim** has become associated with **Alfred O'Gara & Co.,** 209 South La Salle Street. Mr. McKim was previously with Wayne Hummer & Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Beulah D. Bogue** is now with **Allman, Moreland & Co.,** Penobscot Building.

(Special to The Financial Chronicle)

FAIRMONT, MINN.—**Dean A. Anderson** has been added to the staff of **Daniel F. Rice & Co.,** Board of Trade Building, Chicago, Ill.

(Special to The Financial Chronicle)

JOPLIN, MO. — **Vincent C. Looper** has become associated with **White & Company,** Mississippi Valley Trust Building, St. Louis, Mo. Mr. Looper was previously local manager for B. C. Christopher & Co.

(Special to The Financial Chronicle)

JOPLIN, MO. — **Benjamin G. Chinn** is now with **White & Company,** Mississippi Valley Trust Building. He was previously connected with B. C. Christopher & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Sam H. Smith** has become associated with **Gross, Van Court & Co.,** 639 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Paul Williams** has joined the staff of **Lester & Co.,** 621 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**James R. Choate,** formerly with D. G. Grant Company, is now connected with the **Pacific Company of California,** 623 South Hope Street.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Owen Cripper DeVine** has become associated with **Otis & Co.,** Terminal Tower, Cleveland, Ohio. Mr. DeVine in the past was with E. B. Mount & Co., D. D. Schroeder & Co., and was an officer of Bankers Co. of Minneapolis.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Alvin M. Cowden** is with **Hill Richards & Co.,** Citizens Savings Bank Building.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Theodore K. Thurston** has rejoined the staff of **Coffin & Burr, Inc.,** 120 Exchange Street. Mr. Thurston has recently been on war duty.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Valeda Nadeau** is with **Clifford J. Murphy Co.,** 443 Congress Street.

(Special to The Financial Chronicle)

ROCKFORD, ILL. — **Ralph E. Dickson** has become connected with **King & Conrads,** 317 West State Street. Mr. Dickson was previously with Ryan-Nichols & Co., Geo. F. Ryan & Co., and Banning & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Edward J. Fitzpatrick,** previously with Bankamerica Company, is now affiliated with **H. R. Baker & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**David Von Cram** has joined the staff of **Hannaford & Talbot,** 519 California Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Joseph E. Biallas** is now associated with **Waldron & Company,** De Young Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Herman A. Bangert** and **Frederick E. Thomas** have been added to the staff of **Dean Witter & Co.,** 45 Montgomery Street.

(Special to The Financial Chronicle)

SAINT PETERSBURG, FLA. — **John B. Breymann, Jr.** is with **The Ranson-Davidson Company, Inc.,** Florida National Bank Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**J. R. Tichbourne** has joined the staff of **Arthur E. Nelson and Co.,** Paulsen Building.

Mutual Funds

(Continued from page 495)

times (114%) between the years 1936 and 1943 for the 50 bonds currently held in Keystone Bond Fund B-4.

* * *

Vance, Sanders & Co. discusses at length the "Common Trust Fund" in the current issue of **Brevits.** The increase in assets held by such funds together with the recent offering of a new type of common trust fund service by a New York bank has apparently raised a question as to the differences between common trust funds and common stock funds, such as MIT. The answers given will be interesting to anyone concerned with investments.

Further discussing the differences between the two types of investment, Brevits comments as follows: "Thus, the open-end investment companies, such as **Massachusetts Investors Trust** and **Boston Fund,** are not in any sense in competition with the common trust fund—far from it. They may legitimately expect, we think, to establish eligibility for their shares in the portfolios of the common trust funds of the country; for they offer to the trustees of the common trust fund, just as they offer to the trustee of the individual trust, or to the average American investor, a readily marketable investment in the highly specialized common stock field."

* * *

Distributors Group, in a recent letter to dealers, compares the 1944 first half sales and repurchases of 69 open-end funds with those of **Group Securities, Inc.** Total sales of the 69 open-end funds amounted to $76,514,000, of which Group Securities, Inc., accounted for $11,550,000, or 15.10%.

After taking into account repurchases during the period, net sales of the 69 funds were $38,927,000, as compared with $8,210,000 for Group Securities, Inc., or 21.09% of total net sales.

* * *

The current issue of **Abstracts** points out the weaknesses in the present Federal tax laws with respect to executive compensation, stressing the abuses which current inequities in the tax laws encourage. Also discussed in general terms are some of the "Things to Come" after war has been won.

* * *

Hugh W. Long & Co. announces that, with the dividends declared payable Aug. 25, 1944, on the several series of **New York Stocks, Inc.,** a change in dividend policy on that fund from a semi-annual to a quarterly payment basis will go into effect.

The sponsor writes: "As a result of correspondence with shareholders, the management believes that the large majority prefer these more frequent distributions, and we are hopeful that this decision of the board of directors will both please present shareholders and add to the attractiveness of **New York Stocks** for those of your clients who are not now stockholders. . . ."

* * *

From Mutual Fund Reports

Group Securities, Inc.—Net assets on June 30, 1944, stood at $29,783,134, up 64% from the first of the year. As of July 20, 1944, net assets had further increased to above $31,000,000.

General Investors Trust—Net assets at June 30, 1944, amounted to $2,137,448, or $5.50 per share.

Investors Mutual, Inc.—On June 30, 1944, net assets totaled $35,435,550, compared with $25,825,678 at the beginning of the year.

George Putnam Fund—Net assets amounted to $9,806,000 on June 30, 1944, compared with $8,843,000 at the end of the first quarter.

Selected American Shares, Inc.—Net assets are reported "substantially above the $10,000,000 mark with diversification in 100 companies; 20 industries."

Bond Investment Trust—Net assets show an almost three-fold gain over the last 12 months, amounting to $3,148,349 as of June 30, 1944, compared with $1,123,000 a year earlier.

Mutual Fund Literature

Lord, Abbett—Revised portfolio folders on **Union Bond Fund "A"** and **Union Preferred Stock Fund.** . . . **Keystone Corp.**—A leaflet showing the primary lists for the 10 **Keystone Custodian Funds** as of July 1, 1944. Revised portfolio folders on Keystone B-1, B-2, B-3, B-4, K-1 and K-2. . . . **Selected Investments Co.**—The current issue of **"These Things Seemed Important."** . . . **Distributors Group**—Current issues of **Steel News** and **Railroad News.** Also a memorandum showing principal trunk lines and giving a traffic analysis of the railroads represented in **Railroad Stock Shares.** . . . **National Securities & Research Corp.**—A new prospectus on **National Securities Series;** a current issue of **Investment Timing,** discussing "The Democratic Platform and Business." . . . **Hare's Ltd.** — A folder entitled "Bank Earnings Continue Their Upward Course."

Dividends

New York Stocks, Inc.—The following distributions, payable Aug. 25, 1944, to stockholders of record Aug. 5:

Special Stock—	Amount of Dividend Per Share
Agricultural Industry Series	$.08
Alcohhol & Dist. Industry Series	.12
Automobile Industry Series	.06
Aviation Industry Series	.12
Bank Stock Series	.06
Building Supply Industry Series	.03
Business Equip. Industry Series	.10
Chemical Industry Series	.05
Electrical Equip. Industry Series	.06
Food Industry Series	.09
Government Bonds Series	.00
Insurance Stock Series	.07
Machinery Industry Series	.10
Merchandising Series	.08
Metals Series	.08
Oil Industry Series	.07
Public Utility Industry Series	.04
Railroad Series	.08
Railroad Equip. Industry Series	.07
Steel Industry Series	.08
Tobacco Industry Series	.10

Post-War Problems Viewed By A Retailer

(Continued from page 482)

1. Accumulated purchasing power in the hands of the consumers of one hundred billion dollars.
2. Substantial liquidation of consumer debt.
3. Large social security reserves.
4. Substantial mustering-out benefits for the military personnel.
5. Subsistent wage levels eliminated.
6. Pent-up demand for consumer durable goods.
7. Necessity of catching up on general maintenance and modernization deferred during the war.
8. New methods, processes, and techniques of production.
9. New and improved materials.
10. Greatly expanded force of highly skilled workers.
11. Expanded plant facilities.
12. Renewed confidence in ourselves and our institutions.

The total of the asset side of this pro-forma balance sheet might show that business will enter the post-war period with an adequate supply of the primary ingredients for a good business era. We shall have demand, purchasing power, and ability to produce, and we shall have each of these in abundance. In the language of one of the current radio advertisers, "These are facts, not fiction."

A balance sheet, however, has two sides. No one would consider making a decision or formulating a policy by looking only at the asset side of a company's balance sheet. Any good credit man will tell you that the extent and nature of liabilities are as important, if not more important, than assets. What are the liabilities which we must list on this pro-forma balance sheet?

1. An annual Federal, State and local tax burden of from thirty-to-forty billion dollars.
2. A high cost base for all production.
3. An enormous surplus property disposal problem.
4. Economic and social maladjustments resulting from reconversion or closing of war plants.
5. Labor unrest when costs must be controlled, overtime pay eliminated, and workers downgraded or forced back into lower paying service industry jobs.
6. Unemployment resulting from inability of industry to absorb immediately ten million additional workers.
7. Lack of sufficient corporate working capital to finance necessary expansion of production and distribution.
8. Tax laws which paralyze industry.
9. The possible extension of bureaucratic controls to a point where they will stymie reconversion.
10. Possible social turmoil due to an intensification of class, religious and racial prejudices.
11. Fiscal problems of handling a new, largely undigested Federal debt of three hundred billion dollars.
12. The contingency that the political manipulation of demagogues will again substitute an economy of scarcity for one of abundance and will be able to reverse the present wave of confidence in the free enterprise system to one of distrust, or worse, one of apathy.

You will note that so far my balance sheet balances as all good balance sheets should. I have 12 items on each side. **I planned it that way.** You will note that the 12 asset items were largely factual or existent. The liability items are less measurable and by nature more problematical. Some of them are more in the nature of contingent liabilities. While contingent as to nature they are great as to magnitude.

Evaluating each of these 24 items—12 assets and 12 liabilities—is much more difficult than enumerating them. If positive evaluations were possible, we could strike a balance and find our net position. All we can do is to appraise them in very general terms. We must each make our own definite evaluation according to our own judgments. Perhaps the composite judgments so arrived at will be reasonably accurate. At least that is one of the suppositions upon which democracy is based. Suppose we review each of these 24 items and discuss them briefly.

1. Consumer savings of one hundred billion dollars — What will be the meaning of one hundred billion dollars of accumulated purchasing power in the hands of the public? No one knows, because no comparable situation has ever existed. Will there be a wild rush to convert it all into goods? If so, nothing, not even Government controls, can save us from wild inflation. On the other hand, will these savings lie dormant and sterile through personal fear of future need? Aside from the direct effect of these savings, what will be their indirect effect as a fulfillment of the need for future savings out of future income?

Certainly all these savings will not be converted into tangible goods at an early date. It is equally certain that the entire amount, plus the amount of normal future savings, the need for much of which has been fulfilled, will not lie dormant or sterile. How much will fall into each class is the unanswerable question. In this respect we must consider the enormity of the amount involved. One hundred billion dollars is a great deal of purchasing power. Suppose one-tenth of this amount flows into the channels of consumption each year. Ten billion dollars is also a great deal of money. Dissavings of even this amount can feed a great deal of steam into our economic boiler. Compare it to the total amount received from foreign trade in any pre-war year.

2. Substantial liquidation of consumer debt—Will consumer purchasing power of the post-war period be increased by a building up of the balances of consumer credit? Will consumers again buy automobiles, refrigerators, and radios by the millions by pledging their future income? The answer is certainly, yes, many of them will. Instalment credit worked too well for seller and buyer in the pre-war period for it to be discarded as a method of merchandising and promotion. Experience, even in the deep depression years, was too satisfactory for the credit grantor for him to overlook this means of building business volume. Current thinking on means of financing a residential building boom is a straw which shows the direction of the wind in this respect.

3. Social security reserves — Large employment and an absence of the need for benefits have resulted in the accumulation of large unemployment reserves. We hear much talk of additional aids for war workers as part of contract termination. The effect is to cushion the impact of unemployment on purchasing power. The reserves are large. Therefore, we have a large cushion. One must appraise the psychological effect of such reserves as they affect the savings habits of the workers. To the extent that social security benefits are substituted for personal savings in the thinking of the workers, to that extent they free purchasing power for current use.

4. Mustering-out benefits—The first ticket in the form of aid for veterans of the Second World War has been written. No doubt others will follow. The total amounts are of staggering proportions. These amounts will represent additional consumer purchasing power. These funds will be in the hands of people who will be in the frame of mind to spend. They will hit the market before reconversion has been completed and production of consumer goods has gotten well under way. The impact will be great.

5. Elimination of subsistence wage levels—We all know that a consumer working on a subsistence wage is a poor customer. For many of us, one customer earning $40 a week is worth five earning $20. The amount left after the bare necessities of food and shelter are paid for is the dynamic part of any personal budget. We all know that in many localities and in certain industries many workers were on a subsistence wage rate in the past. We also know that the pendulum may have swung too far and too fast in this respect. Such pendulums, however, seldom swing all the way back. They do not need to do so. Technological improvement is forced by higher wages and, within reason, supports them. Augmented earnings from this source can add substantially to post-war purchasing power.

6. Pent-up demand — Perhaps little need be said about this. We are all acquainted with it. We know that an inability to spend has been the chief reason for large personal savings. Just to catch up on the production of consumer durable goods will be a Hurculean task. It has been reliably estimated that car, bus, and truck production must reach the fantistic figure of eight million a year. I have seen an even more optimistic figure of seventy-two million for the first post-war decade. Compare that with pre-war production. Apply those ratios to refrigerators, radios, washing machines, etc. Consider the deficit in home building which has been accumulating since 1929 and the deficit in farm building, fencing, etc., which has been accumulating since 1921. Yes, the amounts are large.

7. Delayed general maintenance — Amounts spent for general maintenance in the decade prior to the war were subnormal due to general economic conditions. Drastic curtailment from even this low standard has been forced due to man-power and material shortages. Much equipment is crowding 15 or 20 years of normal use into four or five years. Mechanical equipment has suffered greatly from improper care and unfavorable operating conditions. We started living off our fat at a time when we were already subnormal physically.

Our railroad system requires new locomotives, freight cars, coaches, tracks, and improved roadbeds. Our stores have worn our their cash registers, bookkeeping machines, and delivery equipment. Their elevators, escalators, and heating plants need overhauling badly. And so it goes through industry. Take a look at any company's post-war budget for expenditures on plant and equipment. It is estimated that the requirements of the retail industry alone run into the billions. Several million will be required for my own company. This means a demand for the use of material and man-hours. It means business for you and me.

8. New methods, processes and techniques of production — One does not need to be a reader of the Sunday supplements to know that products to be manufactured and our capacity to do the job have both been greatly accelerated by the war effort. In the post-war world new things must be made and sold. Old things must be made in new and better ways. Much of the old will be forced into the scrap heap. Production of the new should be more desirable and relatively cheaper. All of this is good for general business.

9. New and improved materials —Laboratories have also been working on a 24-hour basis. Ideas have been forced out of hiding and onto the production line. In looking for substitutes much that was better than the original has been discovered. Therefore, products have improved and their number multiplied. New businesses will be born. New opportunities will arise. The impossible becomes a reality. Business will benefit in a big way.

10. Expanded force of skilled workers—Our capacity to produce has been increased greatly through adding to improving the skills of the workers. War industries have converted the unskilled into skilled workers by the millions. The Army also has done much in this respect. There is hardly a hamlet in America which does not have its quota of skilled workers and technicians. Demobilization will throw still others with newly acquired skills into each community. An oversupply of skilled workers is bound to be a strong force in our economy.

11. Expanded plant facilities—If our well-being is related to our capacity to' produce, our greatly expanded plant facilities should be an asset of great value. Our production facilities built within the past five years loom large in terms of dollar cost when compared to total plant facilities of 1940. Considering that these new facilities lack the element of obsolescence so prevalent in post-war facilities, there is little wonder that we can and have doubled our pre-war production record. A doubled capacity to produce should certainly be an asset of sizable proportions.

12. Renewed confidence—Perhaps the greatest of all assets is self-confidence. We, as a nation, did not have it in the thirties. We were told we were through, and a majority of us believed it. We were scared out of at least 10 years of growth by being told that we had already stopped growing. We were told that our leaders were stuffed shirts and selfish crooks, and a majority believed that.

We were told that the private enterprise system was obsolete, and we proceeded toward scrapping it without first discovering that the proposed substitutes which were being offered as the cure-all for that brave new World of Tomorrow had really been taken out of the archives and just given a new coat of paint—red paint. We were ready to scrap the wonder of all mankind in exchange for something which was centuries old and which never worked anyway — Government control.

Perhaps we should be thankful for the war. Perhaps it took a sock on the jaw of that magnitude to wake us up and bring us to our senses. Be that as it may, we have under the stress of war answered many of the charges. Were we through growing in the thirties and were there no new frontiers to conquer? Look at our present size. Were our leaders stuffed shirts and selfish crooks? What would we have done without them? Had private enterprise lost its effectiveness? Look at our production record. The private enterprise system has been acclaimed by the AFL, CIO, and Earl Browder. Even the Washington bureaucrats who were wielding the spade in its burial speak low and softly, if at all. If we continue to believe in ourselves, our institutions, and in our free enterprise system, this asset can be our greatest.

Superficially it might look as though we were amply solvent. We certainly have a large group of wonderful assets. We have purchasing power, demand, ability to produce, and self-confidence. What else do we need? Nothing, except we need these assets unencumbered. At least we need to be able to meet our liabilities. Insull had customers with purchasing power and a demand for his product in 1929. He had some wonderful power plants—productive capacity. He went broke because he also had liabilities—liabilities he could not meet. We also have some liabilities—you will remember.

Let us take a second look at these liabilities and see how they look in relation to our impressive array of assets. Can our liabilities be met or funded on a basis which will permit us to utilize these assets in the post-war period? If so, there is hope. If not, the future is dark.

1. Tax burden of thirty-to-forty-billion dollars—We have been told on good authority that, historically, governments are wrecked on the rocks of loose fiscal policies. The fall of most governments and of most civilizations were preceded by unbearable taxation. When government takes too large a part of the national income for overhead purposes the living standards of its citizens must decline. Taxes which are too high on the wealthy drive money into hiding and industry starves for the want of capital. The balance of the country soon starves also. Taxes which are too high on business drives business into a slow death of liquidation. Taxes which are too high on the consumer dry up purchasing power at its source and again the whole structure tumbles.

Taxes on the wealthy and on those of high income must be low enough to make possible the accumulation of wealth and to encourage its investment in industry. Taxes on industry must be low enough to enable industry to produce sufficient profit after taxes to enable it to expand out of profits and to pay a reasonable dividend return on the investment of its stockholders. Taxes must be low enough on the masses to insure their having enough purchasing power left after paying the taxes to enable them to buy the products of industry. Yes, but taxes must be high enough to raise thirty-to-forty-billion dollars in that post-war period.

If government is to have a first claim on national income to the extent of thirty-to-forty-billion dollars per year, it becomes evident that:

A. National income must be at a very high dollar rate. The Government cannot exact a tribute of thirty-to-forty-billion dollars out of a forty-billion-dollar national income, which we had in 1932, or even out of an eighty-five-billion-dollar national income, which we had in 1929. I doubt that it can be done out of a national income of one hundred twenty billion dollars.

B. The tax burden must be placed with the greatest of care or the impact of its weight will destroy our economy. A small tax burden can be carelessly distributed. The handling of a thirty-to-forty-billion-dollar tax burden is no job for the careless or the amateur. It will require the greatest of skill in its distribution even after we have a national income sufficient to bear up under its weight.

It is obvious that this liability number one, tax burden, is a very serious one. The best minds of the country must be put to work on it. It is no job for demagogues, partisans, or amateurs. It is the kind of a rock which could sink our ship with the precious cargo of assets mentioned.

2. High cost producer—We all know what happens to a high cost manufacturing plant or mine when the going gets rough. We must face the fact that America is a high-cost country today. National policies of the past 15 years have been such as to make it so. How will we stand up when the going gets rough? Who can afford to buy our products if they have to pay for them either with money or goods? How can we protect even our home market and at the same time foster internationalism, good neighborliness, etc.? It seems that our policies of high cost on one hand and internationalism on the other may be compared to trying to ride two horses going in opposite directions. It will work for a while, but only for a **very, very short while.** The probabilities are that he who attempts it won't be riding at all.

3. Surplus property disposal—Policies followed in the disposal of surplus war property can be a negative factor in the post-war period. The continued accumulation of these surpluses during this period of scarcities will be doubly harmful if such surpluses are dumped indiscriminately after reconversion has taken place. Failure to dispose of such surpluses and having them constantly hanging over the market would be almost equally harmful. The time to dispose of known surpluses is now—today. If we wait until tomorrow the effect will be bad at best. Needless harm in the way of disturbing normal markets should be avoided. On the other hand, it cannot be assumed that any particular manufacturer or industry has a vested right in the market. The common good calls for a gradual, well-timed liquidation of large quantities. The time to start liquidation of all known items is now.

4. Maladjustments of reconversion—It is all very well to discuss these subjects on a broad, national basis. On the other hand, many maladjustments will be local in character. The period of reconversion will be extended for some and short for others. Many plants will never reopen. Some of these will be in localities offering no opportunity for other employment. Such industries as aviation and shipbuilding cannot be kept going on anything more than a very small fraction of their capacity. Regardless of how national figures on demand, supply, purchasing power, etc., balance out, there will be no balance for thousands of people affected by these situations. Social and economic problems of this character spread like a contagious disease. Evils growing out of these maladjustments could wreck our chance to make the most of our possibilities. This is another liability which could force an otherwise solvent economy into bankruptcy.

5. Labor unrest—What will be the economic, social, and political costs of labor unrest which will follow in the wake of the war? We hear of policies looking forward to no reduction in take-home weekly pay in the post-war period. Is this a genuine hope or just some whistling in the dark? Overtime payments constitute a substantial part of the weekly take-home, both because of the number of hours and the higher rates.

What will be the effects of lay-offs and down-grading of employees? What will be the reaction of the thousands who will be forced to return to the relatively lower paid service industries? How many workers will prefer working two or three days a week for a dollar an hour to working full time at 50 cents? How many will prefer living on relief to lowering their hourly wage rate? It is obvious that this is another sizable liability.

6. Absorption of military forces—Even if we grant the possibility of full employment, how soon can this take place? Will jobs be open as wanted by those being mustered out? What will be the effects if no jobs are available when wanted? Will this become a political issue for a demagogue?

7. Lack of corporate capital—There has been little new equity capital flowing into industry within the past 15 years. Was this a result or a cause of our having 10,000,000 unemployed in 1940? A high volume of business has been financed during the war period, but largely on Government funds. Can an equally high rate of business activity be maintained in a peace-time civilian economy with our present corporate structures? Certainly not. Steps must be taken to lend encouragement, or at least to eliminate discouragement, of equity investments by individuals.

8. Tax laws which paralyze industry — Steeply graduated personal income taxes coupled with high corporate income and excess profits taxes result in practical confiscation for the investor who is in the higher tax brackets. Corporations are forced into unsound funded debt operations rather than the sale of equity securities. The only capital available for corporations is current bank loans and institutional funds which are restricted to senior positions. The equity holder is being liquidated gradually. There must be a rationalization of tax laws if free enterprise is to function.

9. Extension of bureaucratic controls—Will controls be lifted so reconversion can take place? Will some political slogan such as "Hold the Line" continue to take precedence over realistic pricing policies? How long will we continue to consider that production and price are unrelated factors? Much depends on the answer to these questions.

10. Intensification of class prejudices—Will the closing of the war bring us closer together or will we drift farther apart? Playing on group prejudices has been successful politics for the past several years. Such things are easier to set in motion than to control or stop. The persecution of one minority leads to the persecution of others. It spreads like a disease. Your pet hate may be based on economic distinctions, another's on race, a third on religion. They are all of the same ilk. He who is guilty of one should be considered guilty of all, because each breeds from and builds on the other. Intensification of prejudices frequently follows a war. It probably results from regimentation and the habit of acting as part of a group. Such intensification at the close of this war could be very serious. The possibility of its development must be weighed heavily on the liability side of our pro-forma balance sheet.

11. Federal fiscal problems—We shall have a new, undigested Federal debt of approximately $300,000,000,000. Much of this debt has been placed on an emotional appeal. Many of these securities must find new homes in the post-war period. The interest rate on these securities is about one-half that of those issued in the last war. The amount is 10 times as great. If we have a free market, what will be the market price on these securities? What will be the effect of these prices on the solvency of our institutional holders? If the market is not a free one, what will be the effects of a controlled market? These are things which must be considered when we try to appraise our chances of cashing in on the 12 assets mentioned.

12. Political contingencies—Has the free enterprise system earned its right to stay out of the dog-house by its contribution to winning the war? Will it again become politically expedient to make a whipping post of business? Can business maintain the confidence it has regained? Can business maintain self-confidence? These are some of the intangibles which I leave with you to think about.

To sum up our balance sheet, we shall have good prospects of unprecedented purchasing power, demand, and production capacity. On the other hand, we shall have heavy taxes, high costs, and many problems of a fiscal, economic, social, and political nature. It is hoped that each of these problems can be solved. If so, the post-war period looks inviting. If these problems are not solved due to mishandling in any one of a dozen different ways, the entire picture could deteriorate rapidly.

As citizens each of us has our responsibilities to do what we can to assure a proper environment for the development of free enterprise. Each must do our part, as we see it, in an endeavor to assure that problems of a general or political nature are handled by the best people available for the job. As sales executives we should make the selling of the free enterprise system and all that it means our number one job. If you can't sell that bill of goods and make the sale stick, what good will it do you to sell your other products? Your competitor's product—planned economy under Government control—has many full-time salesmen. They are selling because they see their future in that product. Your future is in the free enterprise system. Who will prove to be the better salesmen?

And now down to our day-to-day jobs. How must they be done in that post-war period? We have the general pattern. There are standards of achievement below which we cannot—below which we dare not—fall. Considering the picture from a purely statistical angle, we know that to support our post-war tax burden we must have an annual national income of from $125,000,000,000 to $150,000,000,000. An annual national income of such proportions can result only from a very high rate of business activity. When armament manufacturing no longer contributes to this activity, the slack must be taken up to a very substantial degree by the manufacture and distribution of consumer goods at unheard of, and seldom dreamed of, levels of production. We must produce and distribute tremendous quantities of such merchandise in the post-war period in order to carry our tax burden.

Can this tax burden problem be met by manipulation of prices, and therefore the buying power of the dollar? When we pose this question, we are impressed with the fact that we can't divorce dollars from people in our thinking. We find that the fields of finance and economics overlap the social fields. Producing and distributing merchandise at pre-war rates and simply marking up the prices cannot answer the problem. France discovered that in the last post-war era, but too late.

In that post-war world we shall have more workers than ever before. Politically, socially, and economically, those workers must work if unemployment is to be held within reasonable bounds. Production must be greater, much greater, than any possible demand as judged by past standards. New standards of production, distribution, and consumption must be evolved, and we must achieve those standards. To fail in this is to fail utterly. The alternative is chaos.

Everyone has a contribution to make in meeting these obligations of the post-war world. Manufacturers must not only produce merchandise to satisfy existing demands. New items about which the present-day consumer has never heard must be developed and a desire for them created. New and improved materials must be so used as to create new needs, wants, and demands. Improved design must make the old obsolete. New and better styling must be so dynamic in character that the old will be scrapped long before the last grain of utility value has been squeezed from it.

The manufacturer must exercise ingenuity and resourcefulness in planning his product. But manufactured products are useless and the whole effort futile unless these products flow into the hands of consumers at an equally high rate. This means that the tempo of distribution must be stepped up to keep pace with the increased tempo of production. The impact of selling must be of sufficient strength to constitute a complete follow-through on the efforts of the producer. Just as 1920 methods of production, merchandise specifications, or design and styling will not be good enough in the past-war period, neither will 1920 methods of distribution, advertising, and selling suffice. The post-war world cannot be built out of policies, practices, and techniques of the yesterday, regardless of how well they seemed to work in that period.

It is to the sales executives of America that we must look for the dynamics which will assure the high rate of distribution, and therefore the production, which will make the post-war world a better world.

Says Western Powers Helped Germany's War-Based Economy

Dr. Antonin Basch Of Columbia Publishes A Book Analyzing Reich's Economic Policy In Forcing Bilateral Trade

The major economic powers of the world could have forced Germany to abandon her policy of compulsory bilateral trade in the seven Danube Basin countries, initiated in 1933 as a measure to strengthen the Reich's war-based economy, Dr. Antonin Basch says in *The Danube Basin and the German Economic Sphere*, published by the Columbia University Press.

Dr. Antonin Basch

The Western countries were more concerned with Germany than with the problems of Southeastern Europe, and consequently failed to take the initiative which would have forced the Reich to change her plans and return to multilateral trade, declares Dr. Basch, a lecturer in economics in Columbia University. "Such a move would have thus not only freed the countries of the Danube Basin from economic aggression but would also have prevented the strengthening of the greater German economy essential to the virtual self-sufficiency of the Reich," he points out.

"Alternatively it would have forcecd Germany to fight both before she had undisputed access to these resources and before she was prepared internally. The issue would have been forced at pitifully small cost compared with the price being paid today."

Differences of interest among the powers or failure to grasp the full significance of the problem may have prevented unified action, according to Dr. Basch. "But there is also reason to believe that, even at that time, German propaganda had already succeeded in convincing the Western countries that it was to the advantage of European and world economy and in the interests of the preservation of peace to recognize Germany's special economic interests in this part of Europe."

Germany busily encouraged differences between the Danubian countries to make them more dependent on the Reich for trade, Dr. Basch points out.

"This reorganization of trade was based on various aspects of the military demands of the coming war," he continues. "It was highly desirable to be able to obtain the maximum volume of supplies from Southeastern Europe, which could be reached by land during the war.

"The armed economy, introduced in 1933, requiring huge supplies of raw materials and greater food imports, quickly changed German commercial policy by transforming it into a totalitarian trade policy. The purpose of foreign trade was not to export in order to provide employment but to import those things necessary for the war economy and to provide the required payment by planned and, whenever necessary, subsidize export. The idea of multilateral trade and international price competition was replaced by bilateral treaties and clearing agreements whenever possible and advantageous."

Austria, Hungary, Czechoslovakia, Rumania, Yugoslavia, Bulgaria and Greece were subjected to increasing pressure to trade solely with Germany after 1933, Dr. Basch explains. "Germany's aim was to convert Southeastern Europe into a kind of hinterland to supply her with food and raw materials, to build a Berlin-Bagdad economic axis. As her political power grew, unchallenged by any determined or unified policy of the Western Powers, her influence in the Southeast also grew.

"The Southeastern countries faced many problems; the threat of monetary instability, difficulty in balancing government budgets, loss of export markets, extremely difficult problems of adjusting prices to those on the world market, and even scarcities in many consumer goods.

"To all these must be added the fact that—after many disappointments—they had no great hope of obtaining help in the form of concerted international action by the Western countries, who still paid far more attention to Germany than to Southeastern Europe. One could hardly imagine better circumstances for the launching of Germany's economic offensive to the Southeast."

90-Day Suspension From NASD

Leedy, Wheeler & Co., brokers and dealers of Orlando, Fla., were ordered suspended from the National Association of Securities Dealers, Inc. for a period of 90 days effective Aug. 5. The company had been charged with "preparing and using a pro forma balance sheet which concealed a deficit incurred by the insurer." The commission decided that revocation of the company's registration would not be necessary under the circumstances in view of its previous good reputation and the fact that the present case "appears to be an isolated instance not indicative of a systematic practice."

Louis Goldstein Manager For Wm. Rosenbaum Co.

Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York City, members of the New York Stock Exchange, announce that Louis Goldstein has been appointed manager of their office.

Monetary Fund According To Plan

U. S. Treasury's Interpretations Prevail

Now that the Agreement on the International Monetary Plan has been published, it is increasingly evident that it was molded closely along the lines of the preliminary proposals of the "United National Experts" (as published on cover page of second edition of the "Chronicle" of Apr. 27, 1944), and that there have been no radical or even substantial departures from the original scheme. This has been accomplished despite the differences of views as expressed by the representatives and the economists or financial experts of the leading countries prior and during the Conference held at Bretton Woods, N. H., from July 1 to July 22. It is borne out by the "interpretations" issued by the U. S. Treasury on June 10, and distributed to the delegates at the Conference. Thus, Article I of the Agreement, which lists the purposes of Fund states definitely that it is to be a "permanent institution." This was the view of the Treasury as shown in the following question and answer:

QUESTION 1

Will the operations of the International Monetary Fund be limited to the immediate post-war period?

REPLY

In the Foreword to the Joint Statement by the experts on the establishment of an International Monetary Fund, Secretary Morgenthau said:

"The tentative proposals that have been under discussion by the experts are part of a broad program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the revival of international investment for productive purposes, the establishment of orderly and stable exchange rates, and the elimination of discriminatory exchange practices that hamper world trade. The attainment of these objectives will go far toward preventing serious economic disruption in many countries during the critical decade after the war."

It is still too soon to know the precise form and magnitude of post-war monetary problems. But it is certain that we shall be confronted with three inseparable monetary tasks: to prevent the disruption of foreign exchanges, to avoid the collapse of monetary systems, and to facilitate the restoration and balanced growth of international trade. Clearly, such formidable problems can be successfully handled only through international action.

While the Fund can be of enormous help in the solution of the monetary problems growing out of the war, it would be a serious mistake to regard the Fund as an agency designed exclusively or even largely for the immediate post-war period. To think of international monetary problems as simply an aftermath of the war is to overlook the fundamental realities. For two decades before the war the world suffered from serious monetary disorders without having any means to act together to prevent or to remedy the ills out of which they grew and the evils which were their fruit.

Long before the war, the necessary monetary and financial basis for international prosperity had been weakened by competitive currency depreciation, by exchange restrictions, by multiple currency devices, and by other discriminatory foreign exchange practices that hampered and even throttled world trade and the international flow of productive capital. Unless the United Nations cooperate to provide a sound foundation for the balanced growth of international trade, we must expect a recurrence of the same monetary disorders.

These are not transitory problems of the immediate post-war period affecting only a few countries. They are continuing problems of vital interest to all countries. There must be a general realization that world prosperity, like world peace, is indivisible. Nations must act together to restore multilateral international trade, and to provide orderly procedure for the maintenance of balanced economic growth. Only through international cooperation will it be possible for countries successfully to apply measures directed toward attaining and maintaining a high level of employment and real income which must be the primary objective of economic policy.

International monetary problems cannot be solved by occasional cooperation improvised among a few great countries to meet a threatened disaster. Such monetary difficulties can be met only by continuous cooperation, to prevent them if possible, to remedy them when necessary. It is for this reason that the International Monetary Fund of the United and Associated Nations is proposed as a permanent institution for international monetary cooperation.

A second question as to the purposes of the plan, and which was not definitely expressed in the preliminary proposal was whether it was intended that the fund was to carry out the objectives of Article VII of the United Nations' Mutual Aid Agreement in promoting and maintaining high levels of employment and production.

Article I section ii of the Fund Agreement reads:

> "To facilitate the expansion and balanced growth of international trade and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy."

This is along the lines of the Treasury's interpretation as indicated by the following:

QUESTION 3

Is the Fund intended to provide for international expansion of production and exchange which is one of the objectives stated in Article VII of the Mutual Aid Agreement? Is it intended to introduce measures for controlling the trade cycle?

REPLY

As is stated in the Joint Statement on the International Monetary Fund, the primary objective of economic policy must be the maintenance of a high level of employment and real income. It is recognized that only through international cooperation will it be possible for nations successfully to apply measures for achieving this end. It is a fundamental purpose of the Fund proposal to provide an agency for monetary cooperation among nations to aid in the securing of economic advancement and rising standards of living for all.

The operations of the International Monetary Fund are designed in the first instance to prevent discriminatory and restrictive exchange devices and to promote exchange stability through the cooperation of member countries. Obviously, a greater degree of stability of exchange rates is not an end in itself. It would be a complete inversion of objectives if a high level of business activity were to be sacrificed in order to maintain any given structure of exchange rates. Nor can we expect that a high level of production and employment will be automatically brought about through international monetary cooperation. But the Fund can contribute to the success of national policies intended to facilitate the attainment of a high level of production and employment by providing an international economic environment favorable to the development of such policies.

By helping to keep exchange rates relatively stable and removing the fear of large and sudden changes in exchange rates, the Fund will contribute to the revival of international trade and the resumption of international investment. With international cooperation on exchange policy, it will be possible to avoid the "beggar my neighbor" tactics of the 1930's which contributed to the spread of depression from country to country.

By discouraging bilateral clearing arrangements and putting an end to the use of multiple currencies and other restrictive exchange devices, the Fund will make it possible for member countries to enjoy the advantages of multilateral international trade without which the possibilities for the balanced growth of international commerce can never be fully realized.

Finally, by providing member countries with exchange resources when they are needed to meet an adverse balance of payments on current account, the Fund will free member countries from the necessity of taking extreme measures that have the effect of contracting income and employment in order to restrict imports and adjust an adverse balance of payments.

Under the Fund, corrective measures can be taken to adjust an adverse balance of payments which need not involve domestic contraction and a drastic reduction of imports. Under adequate safeguards, the Fund will provide the necessary exchange to maintain imports while more fundamental adjustments are being made. Likewise, in the case of member countries with a favorable balance on current account, the operations of the Fund will enable them to maintain their exports while adjustments are made, instead of being forced to undertake a sharp reduction in exports with the resulting adverse effects on domestic employment.

The Fund is not designed directly to control business fluctuations. In our opinion no international agency could assume the responsibility for the control of the trade cycle. To a considerable degree the volume of international trade is a reflection of the internal economic health of the trading nations. The work of the Fund is confined to the provision of some of the conditions necessary for international prosperity.

The maintenance of a high level of employment and the expansion of production can be achieved ultimately only through the development of its productive capacity by each member country. We may reasonably assume that while national policy in each country should and would be concerned with such development, the principal purpose of the Fund is the creation of a healthy international monetary environment in which the economies of member countries can enjoy a high level of employment and production.

We believe that to the extent the Fund is successful in realizing its objectives, fluctuations in the trade cycle will be mitigated. The Fund can minimize the deflationary monetary pressure that adverse balances of payments have had in the past. It can eliminate competitive currency depreciation and a variety of discriminatory trade practices. In this way it will help prevent a recurrence of the unfortunate policies that have had the effect of intensifying international depression and spreading it from country to country through nationalistic policies designed to secure recovery of one country at the cost of depression in other countries. Because the Fund holds resources to which all member countries have access, member countries may more freely undertake policies designed to stimulate investment and employment during periods of recession, without fear that such policies will lead to a serious depletion of their exchange resources and imperil the stability of exchange rates.

It is, perhaps, the adoption of the attitude taken by the United States with regard to the position of gold in relation to the Fund that is probably the most important feature of the whole Agreement. This is borne out in the Treasury's replies to Questions 6, 12, and 14 as given in the brochure:

QUESTION 6

In what form will the Fund hold the quota subscriptions of the member countries?

REPLY

The subscriptions of the member countries to the Fund will be in the form of local currencies and gold. The Fund will keep a portion of its holdings of the currency of each member as a deposit in the Central Bank of that country, such portion being in accordance with the needs of the Fund for its current operations. It is the view of the technical experts of the United States that the balance of the Fund's holdings of the member countries' currencies should be in the form of bills, notes, or other forms of indebtedness, issued by the governments of the member countries. These securities would be non-negotiable, non-interest-bearing and payable at their par value on demand by a credit to the deposit account of the Fund at the Central Bank of the member country.

Why is it desirable for the Fund to keep its surplus currency holdings in the form of securities of the member countries?

There are some countries for whom the required subscription of currency to the Fund can be made only with great difficulty. For such countries the problem is created by the existence of a monetary system under which the issue of currency (or the creation of central bank deposits) requires a high marginal reserve of gold.

For example, some countries can issue local currency only when secured in whole or in large part by gold or foreign exchange. It is not possible for such countries to issue local currency as a means of meeting the required subscription to an International Monetary Fund. Nor can such countries borrow at once the needed resources from the banks or the public except at rates of interest that would be burdensome. Such countries could, however, meet the subscription requirement if the Fund were to hold their subscriptions in the form of their own obligations.

There is another reason why some countries would find it desirable if a part of their subscription were held in the form of their own obligations. Clearly, the Fund is not going to use the entire local currency subscription of a country at the time operations of the Fund begin. For the Fund's purposes it would be satisfactory to have an adequate working balance at the Central Bank of the member country, holding the remainder of the local currency subscription in the form of Government obligations. This would avoid the appearance of inflation or illiquidity of the Central Bank, which might be mistakenly inferred from the sudden increase of its deposit liabilities.

To meet the needs of countries that would find it more convenient not to pay all of the local currency subscription at once, it is proposed that part of the quota subscription be held in the form of Government obligations, redeemable at par on demand. Whenever the working balance of the Fund in local currency is depleted by its sales of such currency, the Fund can replenish the balance by presenting for reremption the securities it holds.

There is no reason for believing that the Fund takes any more risk in holding Government obligations than in holding local currency. When the Fund requires local currency for its operations, the national monetary authorities will presumably wish, as a matter of monetary policy, to redeem the securities held by the Fund and to borrow from the market.

QUESTION 8

What is the formula for determining the quotas of member countries?

REPLY

A formulation of a method to be used in measuring the participation of the various member countries was not included in the joint statement by the experts on the establishment of an International Monetary Fund. This was considered to be a matter on which a decision should be reached only after there has been ample opportunity for consultation with all of the prospective participants. Considerable attention has been given this matter in discussions among the technical experts of the United and Associated Nations.

After examining a great number of suggested bases for quotas, it is the view of the technical experts of the United States that no single factor can allocate participation among the various nations in a satisfactory manner. Several methods for combining a number of factors were tested. The method which is discussed below seems to combine the important relevant factors in a reasonable way and to give relative quotas that seem fair when applied to the approximate data available for a number of countries.

A satisfactory quota formula must give consideration to the multiple functions of the quota. The size of a member country's quota determines the amount of the subscription which that country makes to the resources of the Fund and is the basis for determining the normal rights of that country to purchase foreign exchange from the Fund. The size of the quota is also one of the factors which determines the relative voice of that country in the management of the Fund. The aggregate size of the quotas will determine the total subscribed resources of the Fund.

In view of the functions of the quotas, it would seem that the formula for the determination of relative quotas for member countries should take into account the ability of a country to subscribe resources to the Fund, the need of a country for use of the resources of the Fund, and the economic significance of a country.

The ability of a country to subscribe resources to the Fund is best indicated by its national income. In a sense, participation in the Fund is an investment. The extent to which a country can devote resources to this or other purposes depends very largely on its national income. However, because the Fund is an international institution that can function more effectively if some of its resources are in the form of gold, it has been thought desirable to require payment of part of the quota subscription in this form. Under the circumstances, the ability of a country to subscribe resources to the Fund in the form of gold is also indicated by its holdings of gold and gold-convertible exchange.

The probable need of a country for use of the resources of the Fund is best indicated by the magnitude of the fluctuations in its balance of payments. There is a good deal of difficulty in dealing directly with fluctuations in the balance of payments. For this reason it was found preferable to utilize import and export data. A country's need for foreign exchange generally arises from the fact that its imports may be maintained when its exports fall off. We have, therefore, made use of average annual imports and maximum fluctuations in exports as indications of a country's need for use of the resources of the Fund.

The economic significance of a country in the world's economy is an intangible factor impossible to measure even approximately. It depends on its national output, its foreign trade, its foreign investment, its economic and political strength. In the final determination of quotas allowance is made for this factor through use of a special allotment for the equitable adjustment of quotas, which is further discussed below.

In order to take account of the above factors it is suggested that the quota of a country be determined by the following formula:

(a) 2% of the national income of 1940;
(b) 5% of the holdings of gold and gold-convertible exchange as of Jan. 1, 1944;
(c) 10% of average annual imports, 1934-1938, inclusive;
(d) 10% of maximum variation in annual exports, 1934-1938, inclusive.

It is further proposed that the total so determined be increased for each country by the percentage ratio of its average annual exports (1934-1938) to its national income. In this way special consideration is given to those countries whose national income is particularly affected by international trade.

After testing this formula for a number of countries, we have come to the conclusion that on the whole the results are as satisfactory as can be obtained through the use of any formula. We recognize that under this formula some countries may, for various reasons, be given entirely inadequate quotas. With any formula, provision must be made for adjustment of inequitable quotas. We have proposed that before determining individual quotas 10% of aggregate quotas be reserved as a special allotment for the equitable adjustment of quotas. For example, if the aggregate quotas for all member countries should be equivalent to $8,000,000,000, the formula would be used to apportion 90% ($7,200,000,000) of the authorized aggregate quotas among the member countries. The remaining 10% ($800,000,000) could be used to increase the quotas of any countries whose quotas, as determined by application of the formula, seem inadequate. The adjustment of the quota need not always be based upon a country's need for access to the Fund. Since no formula can take account of the intangible factors, the special allotment will also be needed to assure to each country a share in the responsibility for management of the Fund commensurate with its potential position in international economic affairs.

It is provided in the joint statement that quotas may be revised from time to time by changes which require a four-fifths vote and no member's quota may be changed without its consent. It is the view of the technical experts of the United States that provision should be made for the adjustment of quotas on the basis of the most recent data three years after the establishment of the Fund and at intervals of five years thereafter, in accordance with an agreed upon formula. At the time of revision of quotas, the special allotment mentioned above may be used to increase the quota of a country if the quota as determined by the formula is still termed inequitable. This special allotment may also be used in the periods between recurrent adjustments, if developments indicate that a country is entitled to a larger quota.

QUESTION 12

What is the purpose of requiring that a portion of the subscribed quota be paid in gold?

REPLY

Because of the unquestioned acceptability of gold as an international exchange medium the power of the Fund to serve its members will depend in part upon the size of its gold holdings. With gold the Fund can buy the currency of any member country. If the assets of the Fund consisted solely of currencies of member countries, there would be a danger that relatively small disturbances in the balance of payments positions of member countries would leave the Fund short of certain currencies.

So long as the Fund holds gold it can acquire additional amounts of any member currency. The lack of such generally acceptable resources as gold could in time compel the Fund to take measures to restrict its sales of foreign exchange to the currencies that are available. It is of the utmost importance, therefore, that the Fund hold resources that can be used, as needed, to acquire any currency that becomes temporarily scarce.

In many respects an ideal Fund would be one consisting predominantly of gold. It is recognized that such an ideal Fund cannot be immediately established. There is every reason, however, to provide the Fund with as much of such general exchange resources as is within the power of member countries to furnish through their quota subscriptions. For this reason part of the quota subscription is to be made in gold, graduated for each member country according to its capacity to meet part of its quota in this form. While large gold holdings would strengthen the Fund, such holdings will have to be accumulated, gradually in order to avoid pressure on the reserves now held by member countries. Gold subscriptions of 25% of the quota or 10% of the official gold and gold-convertible exchange holdings of a member country, whichever is the smaller, would appear to meet the immediate needs of the Fund and to be within the present capacity of member countries.

Apart from the original contributions in gold, there are provisions for strengthening the Fund by gradually increasing its holdings of gold. Provision is made for sale of gold to the Fund by member countries desiring to obtain other member currencies. Part of the payment for foreign exchange purchased from the Fund must be made in gold if the member country's official gold and gold-convertible exchange holdings exceed its quota. And member countries are required to use part of the increase in their official gold and gold-convertible exchange holdings, if they exceed their quotas, to repurchase their local currencies from the Fund. These provisions will in time add to the gold holdings of the Fund without putting pressure on the gold reserves of member countries.

It should be noted that a member country will not necessarily in fact find its foreign exchange position impaired by making part of its quota subscription in the form of gold, or by substituting gold for its local currency in the Fund, since the right of a member country to purchase foreign exchange from the Fund is directly related to the Fund's holdings of its local currency. The greater the original subscription in gold and the later replacement of local currency holdings with gold, the more foreign exchange a member country has the right to purchase from the Fund. The net foreign exchange position of a member country (its own holdings of gold and foreign exchange, plus its unused right to purchase foreign exchange from the Fund) is unaffected by its use of gold in payment of part of its subscription and by its sale of gold to the Fund. On the other hand, the liquidity of the Fund's assets, and hence its usefulness to member countries, is increased when local currency is in part replaced with gold.

There is, of course, the possibility that a member country will find that although the unused portion of its right to purchase foreign exchange from the Fund is large, the one currency it requires is scarce and can be acquired from the Fund only in limited amounts. It is true for such a country that its gold subscription to the Fund is not fully equivalent to holding gold for itself. Such a difficulty can be overcome only by strengthening the Fund and by avoiding in this and in other ways the development of a situation in which a currency must be declared scarce.

QUESTION 14

Are all countries that are members of the International Monetary Fund under obligation to buy all gold offered to them at a fixed price?

REPLY

The Fund proposal provides no explicit obligation on the part of member countries to buy all gold offered to them at a fixed price. Provision IX-1 of the joint statement on the Fund Proposal is intended to prevent member countries from depreciating or appreciating their currencies through an increase in the price at which gold is bought or a decrease in the price at which gold is sold. While this provision does place limitations on the prices at which gold transactions may be undertaken, it does not itself require a member country either to buy or sell gold at all.

Despite the fact that there is no explicit provision requiring member countries to buy all gold offered to them, it is our view that provision IX-2 implicitly requires member countries to buy gold offered to them by member countries when this becomes necessary to prevent an appreciation of the exchange beyond the range established by the Fund. Appropriate action to prevent exchange transactions in its market in currencies of other members at rates outside the prescribed range involves the acquisition of gold offered by other member countries or by the Fund.

Obviously a member country can take steps to limit the demand for its currency by the nationals of other countries, and in this way it can minimize the import of gold. It may, with the approval of the Fund, restrict capital movements when the influx of foreign funds is regarded as undesirable. It may even adopt measures that will reduce the demand for its exports in other countries, although certain forms of such measures can be adopted only with the approval of the Fund. But in any case, so long as there is a demand for its currency to settle international transactions on current account, a member country is implicitly obligated to provide its currency for gold.

Also, it is clearly expected that the Fund can replenish its supply of the currency of any member country through the sale of gold when this is necessary to provide exchange for the purposes for which the Fund is authorized to sell exchange. Because the Fund's gold holdings are regarded as a liquid asset equivalent to any member currency, provision is made for the gradual replacement of local currency by gold. It would be contrary to the purposes of these provisions if gold were not purchased freely by member countries when this becomes necessary to prevent an appreciation of the exchanges.

The Securities Salesman's Corner

A Productive Sales Presentation Is Based Upon A Thorough Study Of The Facts

There is a good deal of common sense behind the title of this new song which goes, "Is you is, or is you ain't?" It's not good grammar but it goes to the point. It's the sort of thing you d expect a Southern Negro to say to his gal—he's come to the point and he wants his answer—no ifs, ands, or buts about it. He's made a complete study of the whole situation and he wants to know where he stands—all the rest is superfluous talk as far as he is concerned.

A productive presentation of a security which is being recommended for purchase by a securities salesman, also relies upon building a groundwork, or foundation of understanding in the mind of the prospective purchaser, before a sale is consummated. If the presentation is logical, interestingly presented, based upon facts, and does not ramble or become confused in the telling, there is no doubt that the point where you can ask, "Is you is, or is you ain't" going to buy this security can be reached many more times during a week's work than would otherwise be possible of achievement.

In order to tell an interesting story—one that follows step by step in logical sequence—it is necessary to undertake the preliminary study and research work in order to familiarize the mind with sufficient background material. It is surprising to see that many securities salesmen believe they can read a few brief digests which have been prepared by the Statistical Services, or an analysis which has been put together by their firm, and then consider that they are ready to go out and make a sales presentation of a security. This is taking a short cut to the knowledge and information required to do a real job of making a sales presentation. The effectiveness of the results based upon this type of preparation for presenting a security are also conspicuous by their absence.

As an opposite illustration of how effective a sales presentation can become, we had the pleasure of sitting in on a conversation a few weeks ago between a securities dealer (who had specialized in textile securities for the past 25 years) and one of his prospects. The dealer was offering a small block of the inactive preferred stock of a New England textile company which during the past year has been making some exceptional and progressive forward strides. Point by point he developed the company's background, how it started, how new management came into the situation and established progressive ideas, the efficiency of the machinery which was recently installed a few years ago, the plans of the management for popularizing its brand and trade name throughout the country, and as he went along he maintained complete attention and interest. His story was interesting because it rolled on without effort—we found ourselves listening to every word he said because he KNEW OF WHAT HE WAS SPEAKING. He had clippings of newspaper articles recently obtained which told of the company's expansion program and new personnel which had been added. He opened his brief case and he placed a dozen copies of some of the most colorful advertising copy we have ever seen before his prospect. It came from national magazines which had carried the message of this company during the past few months. He created interests in a company NOT IN AN INVESTMENT. His sales talk only took up about ten minutes in the telling but we were in the conference for almost an hour. The rest of the time was taken up with questions on the part of the prospect. He asked about conditions in the rayon field, in markets, what this mill was doing about conversion to peace and what another would be expected to earn this year. Every question had its answer, concisely put, and clearly explained. When we got ready to leave, the prospect gave this dealer his order for the stock which he had been offered almost as a matter of course. He just said, "On that block of XYZ preferred you offered me, I guess I'll take it. If you think its AS GOOD AS YOU SAY IT IS, THAT'S ENOUGH FOR ME."

You either KNOW WHAT YOU ARE TALKING ABOUT or YOU DON'T. There is no short cut to knowledge. The only way you can get it is by digging into a situation and finding out what is going on, what lies BEHIND THE FIGURES, what a company is doing and what it expects to do. Then you can say, "Is you is, or is you ain't."

Trade magazines are one of most helpful sources of product, industry, and company information that any salesman can read. Every industry today has its leading publications—it is surprising how well informed one can become by reading these magazines and periodicals.

SEC Refuses Re-Hearing Of Hughes & Co. Case

The Securities and Exchange Commission on July 21, refused to entertain the petition of members of the firm of Charles Hughes & Co. to reconsider its order of July 19, 1943, revoking the firm's registration as a dealer-broker. Charles Hughes & Co. were charged with selling securities at prices not reasonably related to current market prices. Mark-ups in the transactions involved averaged about 25%.

The concern carried an appeal against the SEC's order to the U. S. Circuit Court of Appeals, which on Dec. 10, 1943, rendered a decision upholding the order. The case was then carried to the U. S. Supreme Court, which refused to review the proceedings.

In the petition to the SEC to reconsider the case, it was maintained by the petitioners that the concern did not have a fair trial. In answering this contention, the Commission stated, in dismissing the petition, "we think we are under no duty to entertain the petition, for all the essential issues in the case have been finally determined and that the order has been already reviewed and affirmed by the United States Court of Appeals."

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Norman S. Walker, partner in Wood, Walker & Co., died on July 23, 1944.

Interest of the late Roy E. Smith in Moors & Cabot, ceased July 25, 1944.

Interest of the late John A. Clark in Wood, Struthers & Co., ceased as of July 13, 1944.

James S. Rutherford retired from partnership in Norris & Kenly on July 31.

William W. Peabody, general partner in Hendrickson & Co., became a special partner, effective Aug. 1.

The Treasury's Interpretations Of The International Bank

On June 10, the U. S. Treasury issued and later distributed to the delegates of the International Monetary and Financial Conference at Bretton Woods, N. H., a multigraphed brochure entitled, "Questions and Answers on the Bank for Reconstruction and Development." There are 22 questions listed and answered, ranging from the basis for fixing quotas to the Bank's capital to the likelihood of the Bank "Making Loans Based Chiefly on Political Considerations." Of the variety of inquiries answered, perhaps the most important are those relating to: (1) the functions of the Bank; (2) the position of gold in the Bank's capital, and (3) the relations of the Bank to the Internationaly Monetary Fund and foreign exchange stabilization. We have selected and print below from the list of questions, and the replies those which have a direct bearing on these topics.

Question 4—What is the appropriate role of the Bank in the field of international investment? Will the Bank compete with private financial institutions?

Reply—The function of the Bank is to aid and encourage international investment through the customary private channels. Its appropriate sphere of activity is to assist private investors in meeting the needs of an expanding world economy. In the immediate post-war years capital will be urgently required for reconversion to peacetime production, for the reconstruction of destroyed areas and for the development of economically backward regions. The revival of international long-term lending on an adequate scale is essential to the attainment of a high level of world trade without which prosperity is impossible.

Private investors will be prepared to do some lending after the war. It is doubtful, however, whether unaided they will be willing to undertake more than a small part of the total investment required. In view of the losses suffered by international investors in some countries in the pre-war years, aid and encouragement will undoubtedly be necessary if adequate international long-term credits are to be provided by private investors. It is this specialized role which the Bank is to play. To the extent necessary, it will guarantee private investment abroad and thus encourage lending by private investors through the usual investment channels. In some instances it will lend directly, out of its own resources or by participation with private investors.

Procedures will be established to make certain that the Bank does not compete with private investment agencies and does not grant loans which can be placed in the private capital market on reasonable terms (IV-6). The selection of specific methods to assure the application of this principle would be left to the discretion of the governing board of the Bank.

The work of the Bank will be of great assistance to private investors. A competent committee under its auspices will investigate the loan projects for which the Bank's aid is requested. The committee will be especially concerned with the productivity of the project and with the anticipated balance of payments position of the prospective borrower. Methods will be employed to assure the use of the proceeds of the loan only for the approved purposes. The Bank will also make possible the extension of loans over a longer period than would otherwise be feasible. The schedule of repayment will thus be better adjusted to the character of the project that is financed. These services will be performed in connection with all loans guaranteed by the Bank as well as with loans in which it participates.

The Bank's operations as guarantor, participant and lender will undoubtedly encourage private investors. Its guarantee may well become the mark of a high-grade security appealing to a wide range of investors. The Bank's cooperation will be particularly necessary in the immediate post-war period when private investors may be hesitant because of the heavy losses they have suffered on international investment in the past and because of the uncertain business conditions which may be expected to prevail for some time in the future. The defaults of the past did incalculable harm in generally discouraging international investment. The Bank, by reducing and sharing risks and by establishing standards for sound loans, will help to restore confidence in international investment.

Although the major part of the Bank's activities will be concerned with loans, it will also provide assistance in the equity capital market. The fact that the foreign loan capital required for a project will be available through the Bank should considerably facilitate the acquisition of the equity capital which may be necessary. Moreover, the Bank will offer active help to equity investment in two ways. It will obtain the guarantee of the national government that conversion of earnings on foreign-held equity investments into foreign exchange will be permitted. It may also participate in equity investments itself, although its aggregate participation in such securities may not exceed a small portion of its paid-in capital (IV-4).

Question 3—Why is it necessary to have any gold subscription to the Bank or for the Bank to hold any gold resources?

Reply—The Bank must hold resources that will enable it to serve the interests of borrowers and lenders. This is possible only if the Bank holds sufficient gold to acquire the member currencies it may need. An adequate holding of gold will enable the Bank to maintain the liquidity it requires for its operations.

Where the Bank participates in loans or makes loans directly it will be necessary to provide the borrower with the currencies needed for procuring equipment and supplies. If the Bank could lend only in the currencies it holds, the borrowers might be restricted to obtaining their goods in the countries whose currencies happened to be available, even though more suitable equipment or better prices could be obtained elsewhere.

With its holdings of gold, the Bank could acquire the currency of any member country and make or participate in approved loans it would otherwise have to refuse. In this way it is possible for the Bank to avoid a type of bilateralism in capital transactions which may restrict trade and may involve uneconomical use of the borrowed money. Since the Bank is to "impose no condition upon a loan as to the particular member country in which the proceeds of the loan must be spent" (IV-7), it must hold some gold resources to enable it to implement this policy. This point is discussed more fully in the answer to question 6.

The Bank will also need gold occasionally to compensate capital-goods supplying countries for the adverse effects on their balances of payments which may result indirectly from the Bank's loans. To produce the goods required, some countries may have to import additional raw materials. For example, if China borrows from the Bank in order to pay for electrical machinery and equipment purchased in the United Kingdom, the loan (with the approval of the United Kingdom) would be in sterling, but Britain might need additional dollars or Chilean pesos to buy copper. Accordingly the Bank would furnish Great Britain, on request (IV-14), with foreign exchange or gold equal to an appropriate portion of the sterling loan.

In some instances a borrowing country might find that its need for foreign exchange, other than that required to pay for equipment for the loan project, has increased as a consequence of a developmental program financed with the aid of the Bank. The construction of an electric power plant would increase imports of electrical equipment and machinery that must be paid for with foreign exchange, or the construction of a railway would temporarily require the shifting of labor from the production of export goods. Although the loan would provide the foreign exchange needed in connection with the project, so that the investment program would not directly affect the foreign exchange position of the borrowing country, the indirect effects could under some conditions temporarily disturb the borrowing country's balance of payments. Under such circumstances the Bank may provide part of a loan in gold or needed exchange as the circumstances warrant (IV-8-d), as explained in the answer to Question 19.

The Bank must also be in a position to meet promptly its obligations to security holders regardless of the currencies in which they are due. Only in this way can the Bank retain the full confidence of private investors which is essential to its successful operation. As guarantor on loans made to member countries through private investment channels, the Bank has a contingent liability which would come into force if the borrower defaulted. The Bank has a direct liability to the holders of securities it has issued for the purpose of raising funds for its lending operations. The Bank will, of course, have receipts as well as payments in the currencies of member countries. The holding of an adequate balance of gold would give further assurance that the Bank will always be in a sufficiently liquid position to meet its obligations.

For these reasons, it is necessary to provide the Bank with a balance of gold at the outset and to assure it a flow of gold from its operations. The proposed gold subscription will not be a burden to the members since it will vary with the members' holdings of gold and gold-convertible exchange (II-4-a) with perhaps 20% as a maximum. The amount of gold payments will, of course, depend on the graduated scale adopted by agreement of the members. Assuming a 12.5% average, the initial gold subscriptions to the Bank would be about $250 million. Aggregate gold subscriptions of this amount would be a very small part of the gold holdings of member countries. The Bank will be able to replenish its gold balance through the payment by borrowers of interest and principal which must be made in gold or currencies acceptable to the Bank (IV-10).

Every effort has been made in the proposal to avoid pressure on the gold and exchange reserves of member countries. The provisions for a moderate gold subscription and gold payments are intended solely to enable the Bank to perform the important functions for which it is to be established.

Question 18—What will be the relationship between the proposed Bank and the International Monetary Fund?

Reply—The Bank and the International Monetary Fund are both needed to help solve the international monetary and financial problems that will confront the world in the period after the war. While the two agencies will cooperate with each other in many ways, each has distinct functions of its own to perform. The Fund has been specifically designed to promote currency stability, whereas the Bank is intended to facilitate international investment for productive purposes.

The establishment of the Bank would simplify the task of the International Monetary Fund, and the successful operation of the Fund would enhance the effectiveness of the Bank. The existence of one, however, is not essential to the other. Each could stand and function alone; together, they could make a more significant contribution to the development of world prosperity. It is hoped that all the United and Associated Nations will participate in both organizations.

Although each agency could exist alone, the establishment of the Bank and the Fund would be helpful to both institutions, and would facilitate their successful operation in the immediate post-war period and the years thereafter. The loans made with the assistance of the Bank will expand the volume of foreign trade and thus improve the opportunity for all countries to maintain a balanced position in their international accounts. The extension of long-term credits will be less variable, as explained in the answer to Question 17, and the existence of the Bank should help prevent the reappearance of the large unstable short-term indebtedness which was in part a result of an unwillingness to invest at long-term, as explained in the answer to Question 19. The Fund, in turn, will decrease the risks of foreign investment by minimizing disorderly fluctuations in exchange rates which have discouraged long-term foreign loans. It will help to eliminate foreign exchange restrictions which, by preventing the withdrawal of income earned on investments, have seriously deterred international lending.

In the course of carrying on their separate activities **the Bank and the Fund will cooperate and consult with each other on matters of joint interest. The Bank may find it necessary on occasion to buy or sell foreign exchange as part of its operations.** It will undertake such transactions after consultation with the International Monetary Fund and only with the approval of the countries concerned (IV-15-c). Furthermore, in so far as the Bank converts gold into member currencies needed for its operations, it may choose to do so through the Fund.

It is clear that the two major financial problems of the post-war period are closely interrelated. Currency stabilization cannot be completely separated from the provision of long-term international credits. The two institutions designed to deal with these problems will find that cooperation between them is essential. Together, they can help to provide a sound financial foundation for a prosperous world economy.

Question 19—Will the Bank's operations facilitate the maintenance of equibilibrium in the balance of payments and thus help to stabilize exchange rates?

Reply—The operations of the Bank will generally contribute to the maintenance of equilibrium in the balance of payments of both lending and borrowing countries.

Short-run equilibrium in the borrowing country is facilitated because international loans enable it to purchase capital goods on credit, where it might otherwise be compelled to employ an excessive part of its gold and foreign exchange resources to pay for such imports. International investment helps prevent the development of pressures on the exchanges that might necessitate exchange control and similar restrictive measures designed to force a balance in a country's international accounts or an undesirable alteration in exchange rates to offset a temporary disequilibrium.

Long run equilibrium in a borrowing country's international accounts is facilitated by investments that increase its productivity and capacity to export relative to its import needs. For example, international investment for the development of the iron ore deposits of Brazil or the petroleum resources of Venezuela and Colombia will increase the exports of these countries, with the proceeds available for both debt servicing and additional imports. One of the most difficult problems of some debtor countries has been the great fluctuation in their foreign exchange receipts resulting from excessive dependence on one crop. Loans which would diversify their output and their exports would clearly be helpful in maintaining a greater degree of equilibrium in their balance of payments.

Foreign loans extended for the purchase of capital equipment will help restore equilibrium in the balance of payments of a country whose current accounts are already favorable. Some exports of capital equipment that would otherwise have been paid for by an inflow of gold or the accumulation of balances abroad would be paid for with the proceeds of the loan. Furthermore, foreign investment by a country with a favorable balance of payments will increase exports, production, and income at home, and bring about an increase in imports of raw materials and consumption goods which will contribute further to the balancing of its current international accounts. In the long run, the maintenance of equilibrium in the balance of payments of the capital exporting country must depend on the adjustments in reciprocal demand that grow out of the development of the productive resources of the borrowing countries.

Where a loan is made in one country and expended in others, the transaction could be disturbing to the foreign exchanges if the favorable balance on current account of the lending country were less than its new foreign investment. The draft proposal safeguards against such a development by providing that the Bank must take into consideration the effect of a loan on financial conditions in the lending country and must obtain the consent of the country concerned (IV-13). Furthermore, the Bank may not buy or sell foreign exchange except with the approval of countries concerned (IV-15-c).

Countries not directly concerned as borrowers or lenders are also likely to benefit from a larger volume of international investment. As explained in the answer to Question 17, the level of production and income in the borrowing and lending countries will rise with more international investment. At the higher level of production and income, their imports will also increase. All other countries not directly concerned as borrowers or lenders will be affected by the increased demand for their export goods and will consequently find their balances of payments on current account more favorable than they would otherwise be.

Although the general effect of international investment is to facilitate the maintenance of equilibrium in the balance of payments on current account, there may be some instances in which this will not be so. Where investment is undertaken with the aid and encouragement of the Bank, provision is made to offset the resulting adverse effects on the balances of payments of the member countries concerned.

If long-term credits are extended by a member country with an unfavorable balance of payments, the loan may temporarily increase the disequilibrium in its position. Of course, the loan may result directly in an increase of an equal amount of exports and this will tend to limit the adverse effect on the balance of payments. Furthermore, the Bank will repurchase for gold or foreign exchange a part of the local currency spent in the lending country (IV-14). With the application of this provision, a country will find that its balance of payments will not deteriorate as a result of loans made through or by the Bank. Again, it should be emphasized that loans cannot be made through or by the Bank without the consent of the country concerned (IV-13).

The Bank's assistance may also be needed to help maintain equilibrium even when a lending country invests abroad no more than its favorable balance on current account. Increased exports of capital goods stimulated by long-term lending may increase the level of production and income in the lending country, with a consequent rise in imports of raw materials and consumers' goods. This indirect effect on the balance of payments is the same whether or not the Bank is a guarantor or participant in an international loan. However, in the case of loans through the Bank, the exporting country will be protected against difficulties of this kind by the provision that the Bank will repurchase for gold or foreign exchange a part of the local currency spent in the lending country.

Provision is also made to offset any tendency to increased disequilibrium in the balance of payment of the borrowing country which may temporarily arise as a result of loans through the Bank. A country importing capital for a developmental program may find its trade position impaired for a short period because of augmented imports induced by a rise in the national income or by the diversion of labor to the new project which necessitates imports to compensate for decreased consumers' goods output. A nation undertaking extensive capital improvements may also for a time divert capital and labor from the export trades. Obviously, the pressure on the balance of payments from such forces must be of a temporary character or there would not be a sound basis for extending foreign loans. The Bank in making loans agrees that "whenever the developmental program will give rise to an increased need for foreign exchange for purposes not directly related to that program yet resulting from it, the Bank will provide an appropriate part of the loan in gold or desired foreign exchange" (IV-8-d).

Special consideration is given to the problem of servicing of loans made with the Bank's assistance so that it will not cause disequilibrium in the borrower's balance of payments. Protection is given through the requirement that loans must provide for a schedule of repayment appropriate to the character of the project and the balance of payments prospects of the borrower (IV-1-e). To the extent that the debt service is geared to the life and nature of the capital project, repayment may be feasible out of the increased productivity and export surplus resulting from the loan, without straining the country's balance of payments. In the event of an exchange stringency the Bank may permit payment of interest and principal in local currency for brief periods (IV-10-c). To protect the Bank, the borrower must arrange for the repurchase of such currency.

The Bank will improve the general prospects for achieving equilibrium in the balances of payments of the major trading countries by preventing drastic declines in the total volume of foreign lending. There can be no doubt that the general effect of international investment is to help maintain equilibrium in the balance of payments of debtor and creditor countries; but when the world has become adjusted to a given level of international investment, a large and sudden reduction in the volume of international investment can be extremely disturbing. The Bank can help to maintain a greater degree of stability in the provision of capital for international investment.

Municipal News & Notes

The importance of the facilities of the Port of New York Authority in expediting war production was pointedly demonstrated in figures released July 27 by Chairman Frank C. Ferguson, which showed that 75% of the traffic moving over the bridge and tunnel facilities of the inter-State agency is in the highly essential class. At the same time, it was stated that a part of the remaining 25% of the traffic consists of passenger cars making legitimate use of "A" gasoline coupons.

"Sharply increased bus and truck traffic during the first six months of 1944, as compared with the first six months of 1941, tells a story of the heavy movement of war workers and war material over the bridges and through the tunnels," Mr. Ferguson said. "In addition, during the past six months more than 413,000 military vehicles have used the facilities. Passenger car traffic for the first half of 1944 is still 13½% below that for the same period in the normal year, 1941, despite a considerable comeback from the low levels of 1943."

The figures released by the Port Authority indicate that traffic from January through June of 1943 represented a low point in travel by passenger car. During this period two bans were imposed on "pleasure" driving, and the movement of passenger cars fell to about 60% of the total for the first six months of the "normal" 1941. In contrast to this drastic decline in passenger car volume, bus traffic during the first six months of 1943 showed an increase of almost 18% over the same period in 1941. Truck traffic declined about 4%.

In the first six months of 1944 both buses and trucks have shown an increase over the 1941 figures, while passenger cars, which were up about three million from 1943, were still almost a million and a half under the 1941 figures.

"Trucks using Port Authority facilities are doing an important job in handling wartime freight," Mr. Ferguson said. "Informed truck operators estimate that exclusive of foodstuffs 75% of the civilian truck traffic is in essential war goods. About 10% of the trucks are military vehicles." An interesting fact was disclosed when Mr. Ferguson stated that military vehicles move in convoys of as many as 80 trucks at a time. "It would require at least four ferryboats to move one such convoy across the river if the bridges and tunnels were not available," he declared.

Stating that while more than a million private passenger car trips were made over the four bridges and through the two tunnels under the "strictest kind of rationing and pleasure bans" in the first half of 1943, Chairman Ferguson explained that the week-day private car traffic in June, 1943, continued at two-thirds of the 1941 peak.

"Checks made on cars bearing 'B' and 'C' stickers indicate that at least two-thirds of the passenger car traffic now moving over these facilities represent the highly essential travel of war workers to and from their jobs in the New York-New Jersey area," Mr. Ferguson said. "Taking two-thirds of the passenger traffic and adding the buses, trucks and military vehicles, it is clear that over 75% of the traffic now moving is in the highly essential class."

Port Authority traffic for the first six months of each of the years from 1941 through 1944 was as follows:

	1941	1942
Passenger cars	10,670,195	9,589,114
Buses	887,720	948,047
Trucks	2,206,301	2,210,070
Total	13,764,216	12,747,231

	1943	1944
Passenger cars	6,279,308	9,255,465
Buses	1,043,976	1,046,220
Trucks	2,118,674	2,330,966
*Military vehicles	------	413,504
Total	9,441,958	13,046,155

*Not recorded until 1944.

Wisconsin Cities Debts Declined 13% Since 1940

The Wisconsin Taxpayers Association reports that the average city in the State had 13% less indebtedness and 34% more cash on hand at the close of 1943 than was the case at the end of 1940. According to the survey, outstanding indebtedness had been cut from $31,438,252 to $27,222,773, and the interest requirements were lowered to $1,094,648 in 1943 from $1,362,257 in 1940, a drop of about 20%.

Noting that the cities had invested large cash balances in 1943 in United States Government notes and bonds, the survey cited three advantages of this policy:

The municipality gets a higher interest rate than it would if the money were deposited in banks; city helps fill local war bond quotas; and, by not leaving the cash on deposit in banks, certain State insurance charges are avoided.

Other conclusions of the study follow:

The typical Wisconsin city during these war years is spending more for general government, education, and protection of persons and property than before the war, but is spending considerably less for health and sanitation, highways, and charities than in the pre-war years.

In the typical city, disbursements were higher for functions where salaries are the major item of cost. Disbursements were lower in categories where wartime demands on materials and labor have severely restricted spending.

The alliance stated that those cities which are accumulating reserves can use the funds to help reduce property taxes in the future, but warned that today's deferred maintenance, postponed construction and minimum relief costs, coupled with possible declines in normal income tax collections at the end of the war, may mean higher property taxes in the future.

N. Y. City Bonds Offered By Chase National Bank

A new issue of $13,740,000 City of New York 1¾% Airport Construction Bonds dated Aug. 1, 1944, is being offered today by the Chase National Bank of the City of New York. The bonds mature from 1945 to 1974, inclusive, and are priced to yield from .40% to 1.65% for the 1945-64 maturities. The 1965-74 maturities are priced at 101½ to 99½. The bonds are interest exempt from present Federal and New York State income taxes and are legal investment for savings banks and life insurance companies in the State of New York.

Minnesota's Permanent School Fund Exceeds $100 Million

The Permanent School Fund of the State of Minnesota reached the hundred-million mark on May 11, 1944, and, in commemoration of the achievement, State Treasurer Julius A. Schmahl has prepared a pamphlet outlining the history and development of the State Lands and School Funds of the State. The total of these trust funds on the foregoing date was $129,112,265.19 and included $100,000,034.56 in the school fund, $15,915,343.23 in permanent university fund, $302,843.65 in internal improvement fund and $12,894,043.75 in swamp land fund.

All four funds came into being as a result of the policy of the Federal Government in making grants of lands in order to encourage settlement and development of the country. The lands thus bequeathed to new territories and States were intended to be sold or otherwise managed by the recipients for the purpose of assisting in the construction and maintenance of institutions of learning, charitable and other institutions.

Many of the States admitted to the Union before Minnesota used the proceeds obtained from sale of their school and other public lands for immediate purposes and with "no thought for the future," Mr. Schmahl related. By way of contrast, he says, Minnesota originated the policy (subsequently emulated by other States) "of conserving these resources for the benefit of future generations."

Accordingly, the money it received from sales of land and timber, and royalties from iron ore mined on State lands was and is placed in trust funds and only the income from investments has been used for the purposes for which the funds were dedicated.

An important factor mentioned by Mr. Schmahl in the growth of the State's school fund to the $100,000,000 mark was the early decision of the State (subsequently adhered to) to retain fee title in the tracts of land from which timber had been sold. The wisdom of this practice was justified in the subsequent discovery of rich deposits of iron ore throughout the State. Millions of tons of such metal have since been extracted and the State received substantial sums in royalties from mining operations.

Had the State sold these lands outright, Mr. Schmahl writes, "we would not today be talking of a $200,000,000 school fund."

DIVIDEND NOTICES

EATON MANUFACTURING COMPANY

Cleveland, Ohio

DIVIDEND NO. 78

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable Aug. 25, 1944, to shareholders of record at the close of business Aug. 10, 1944.

H. C. STUESSY, *Secretary-Treasurer*

July 28, 1944

Borden's

DIVIDEND No. 138

An interim dividend of forty cents (40¢) per share has been declared on the capital stock of ***The Borden Company,*** payable September 1, 1944, to stockholders of record at the close of business August 15, 1944.

E. L. NOETZEL
Treasurer

July 25, 1944

The Board of Directors of the

CONSOLIDATION COAL COMPANY

(Incorporated in Delaware)

has this day declared the regular quarterly dividend of 62½ cents per share on the $2.50 Cumulative Preferred Stock, payable on October 1, 1944, to stockholders of record at the close of business on September 16, 1944. Checks will be mailed.

C. E. BEACHLEY,
Secretary-Treasurer

June 27, 1944

American Woolen Company

INCORPORATED

225 FOURTH AVE., NEW YORK 3, N. Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $4.00 a share on account of arrears was declared, payable September 8, 1944 to stockholders of record August 21, 1944. Transfer books will not close. Checks will be mailed by Guaranty Trust Co. of N. Y., dividend disbursing agent.

F. S. CONNETT,
Treasurer.

August 2, 1944.

THE FLINTKOTE COMPANY

30 Rockefeller Plaza
New York 20, N. Y.
August 2, 1944

Preferred Stock

A quarterly dividend of $1.125 per share has been declared on the $4.50 Cumulative Preferred Stock of this corporation, payable on September 15, 1944 to stockholders of record at the close of business August 25, 1944. Checks will be mailed.

Common Stock

A dividend of $.15 per share has been declared on the Common Stock of this corporation, payable on September 9, 1944 to stockholders of record at the close of business August 19, 1944. Checks will be mailed.

CLIFTON W. GREGG,
Treasurer

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND NO. 183
COMMON DIVIDEND NO. 147

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 25¢ per share on the no par value Common Stock have been declared, payable September 20, 1944, to stockholders of record at the close of business on August 23, 1944.

Checks will be mailed.

C. A. SANFORD, *Treasurer*

New York, July 26, 1944.

ANACONDA COPPER MINING CO.
25 Broadway

New York 4, N. Y., July 27, 1944.

DIVIDEND NO. 145

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable September 25, 1944, to holders of such shares of record at the close of business at 3 o'clock P. M., on September 5, 1944.

JAS. DICKSON, Secretary & Treasurer.

THE BUCKEYE PIPE LINE COMPANY

30 Broad Street

New York, July 29, 1944.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable September 15, 1944 to shareholders of record at the close of business August 18, 1944.

C. O. BELL, Secretary.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable September 15, 1944, to stockholders of record at the close of business September 1, 1944.

H. F. J. KNOBLOCH, *Treasurer.*

Wartime Debt Changes In The United States

(Continued from page 483)

rise in the Federal debt itself. The reason for this is that the large increase in the Federal debt resulted in a huge expansion in the flow of income, profits, and local government revenues which have provided funds for debt retirement and have made borrowing to a large degree unnecessary.

However, limitations on spending both because of shortages of goods and manpower and because of direct control of debt creation, as in the case of consumer debt, have been important influences in the reduction of non-Federal debt. In addition, non-Government debt creation has been limited by the fact that the Federal Government financed the bulk of the war-needed expansion of industrial facilities.

The wartime decline in non-Federal debt is a significant factor that must be considered in appraising the post-war economic stiuation. By improving the financial position of many types of borrowers, it obviously will make possible freer action with regard to expansion in the post-war period.

Recent Changes in Debt

The decisions with respect to the extent to which war costs would be met out of current revenues have determined the extent of the rise in Federal debt outstanding. So far during the war about 40% of expenditures subsequent to Pearl Harbor have been met by revenue collections. The remainder has been met by borrowings which raised the Federal Government's gross debt (including obligations of Federal corporations) by 57.4 billion in 1943 compared with an increase of 48.0 billion in 1942. The corresponding changes in the net debt were 53.6 and 45.8 billion dollars, respectively.

From the end of 1941 to the end of 1943, the net Federal debt rose approximately 100 billion dollars, an increase equal to almost three times the net Federal debt at the end of the 1930s. The net Federal debt on Dec. 31, 1943, stood at 147 billions of dollars, and was approximately 170 billion as of June 30, 1944.

The total volume of non-Federal debt outstanding, and most of the major components declined in 1942 and 1943, period characterized by the most rapid increase of national product and national income in the Nation's history. The net non-Federal debt outstanding at the end of 1943 totaled 126.1 billions, a drop of 9.7 billions in two years.

State and Local

Gross and net State and local government debt each declined 1 billion dollars in 1943, compared with a decline of 0.5 billion in 1942. State and local governments have been able to effect substantial reductions in their outstanding indebtedness during the war years by the continued receipt of large revenues at a time when expenditures for construction and other projects were greatly reduced by manpower and material shortages as well as by prohibition, limitation, and conservation orders.

The estimates of net State and local government debt understate the real improvement in the fiscal position of these Government units in 1943. There was a large increase in the total State and local government holdings of both Federal and non-Federal Government securities. A substantial portion of this increase, however, is not reflected in the volume of duplicating debt, since the State and local government duplicating debt total relates only to the holdings of State and local government obligations, whereas the increased holdings were largely of Federal securities.

Corporate

The net long-term debt of corporations other than railroads which had remained essentially unchanged in 1942, declining less than 100 million dollars, dropped 400 millions in 1943. The reduction in the 2 years was possible only because the Federal Government financed approximately 15 billion dollars worth of industrial facilities, while plants not engaged in war production found it difficult to expand or even to replace plant and equipment.

It is estimated that the railroad long-term debt was reduced 300 million dollars in 1943, compared with a reduction of 400 million in 1942, as the railroads continued the policy of applying high wartime earnings to the reduction of their funded debt.

Total net corporate short-term debt declined in 1942 by 1.0 billion dollars, and increased only negligibly in 1943. A dividend policy which was highly conservative by reference to earlier periods of comparable profits, and the resulting high volume of corporate savings placed corporations in a position to largely self-finance expanded current expenses accompanying the high production level in both war and non-war industries. The decline in the physical volume of non-farm business inventories during 1942 and 1943 also limited the increase in corporate short-term loans.

Mortgage

Total urban real estate mortgage indebtedness of non-corporate mortgagors, which had increased 500 million dollars in 1942, declined during 1943 by almost 700 million, despite a marked increase in real estate activity in some areas of the country. New construction loans were limited by existing wartime construction restrictions, but the volume of new loans on urban real estate was nevertheless maintained in 1943, and certain groups of lenders increased their new loans above the 1942 totals. For example, the estimated volume of new loans by savings and loan associations amounted to 1,184 million dollars in 1943 compared to 1,051 million in 1942.

Despite the new loans, a reduction in total outstanding urban real estate mortgage debt during 1943 was made possible by the even higher and greatly accelerated amount of repayments resulting from the substantially increased incomes and large savings of most of the mortgage borrowers.

A recent report of the Home Owners' Loan Corporation indicates that during 1943 many borrowers from the corporation increased the amount of their monthly repayments and that many, who up to that time had made no principal repayments whatever, began such payments in reduction of their loans. The Home Owners' Loan Corporation, which ceased its lending activity in 1936, had achieved a liquidation of approximately 60% by the end of 1943.

The decline of an estimated 500 million dollars in farm mortgage debt during 1943 reflected the increased volume of principal repayments made possible by the unprecedented farm income combined with restricted opportunities for spending. This was in contrast to earlier declines which resulted chiefly from foreclosures. The decline in farm mortgage debt amounted to almost 1 billion dollars for 1942 and 1943 combined, and thus accelerated for these years the declining trend in evidence since 1922.

Non-Corporate Short-Term

Consumers' short-term debt at the end of 1943 totaled 5.2 billion dollars, down over a billion dollars from the end of 1942 and 4.6 billions from the high of 9.7 billions reached in 1941. Consumers' short-term debt continued to drop in 1944, amounting to 4.8 billions at the end of the first quarter. The chief declines within the consumer credit structure occurred in the instalment sale and instalment cash loan debt categories as a result of the unavailability of new consumers' durable goods and the consumer credit regulations of the Federal Reserve Board.

New short-term business loans of non-corporate borrowers, which dropped more than 700 million dollars in 1942, were slightly curtailed during the early part of the war by the increasing elimination of many non-war activities and by the lessened need for outside financing by businesses engaged in war-connected activities. During 1943, however, non-corporate short-term debt owed for business purposes increased approximately 300 million (chiefly in brokers' loans), thus providing a partial offset to the decrease in consumer debt outstanding in 1943, so that total short-term debt of individuals and other non-corporate borrowers declined approximately 700 million dollars during the year.

The volume of most classes of short-term indebtedness has in the past been directly affected by changes in income, prices, and business activity in general. The movement of consumer debt in particular has closely followed that of income payments to individuals as may be seen in chart 4. The reasons for opposite movements of these two series for 1942 and 1943 have been already noted.

Current Pattern

By and large, the debt trends that have been established so far during the war will continue at least until the end of the conflict in Europe. Some significant shifts in the magnitude of changes, however, may be expected. Although the Federal debt will continue to rise by about the same amount as in 1943, the proportionate increase will be less, inasmuch as the peak of war production has already been reached. If cut-backs in the war production program are made in the latter part of this year, the absolute increase in the Federal debt may be smaller than during the past 2 fiscal years, though not by a substantial amount.

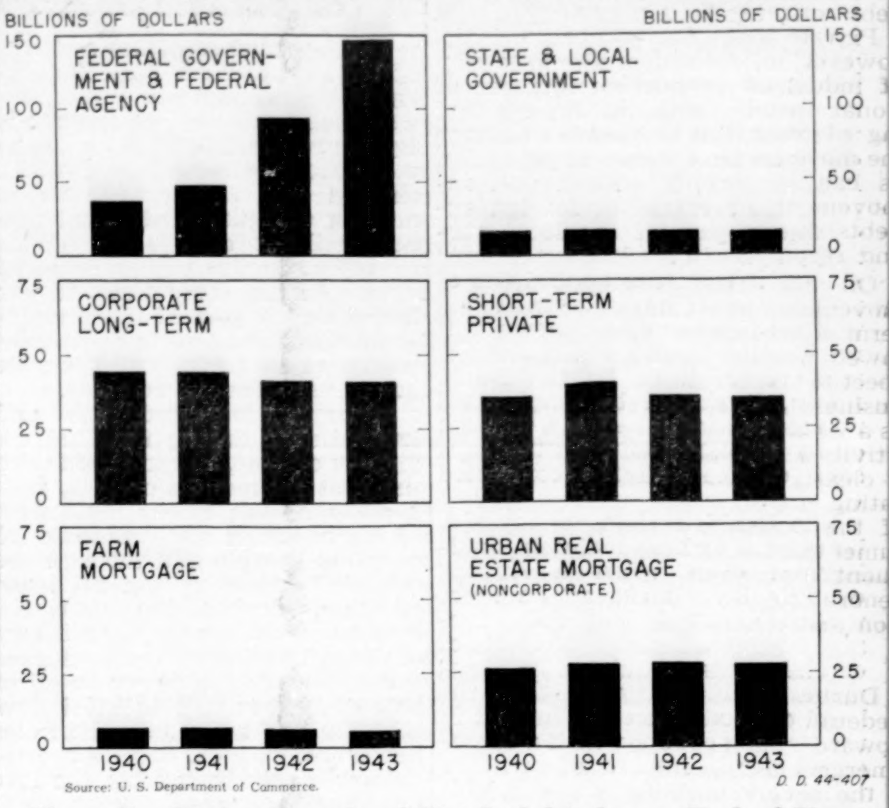
So far as private debt is concerned the reductions in the immediate future will most likely be larger in long-term than in short-term debt. The primary reason for this is that the drop in consumer debt, which accounted for the bulk of the decline in short-term debt, cannot be expected to continue at its former pace if, indeed, any further decline is recorded.

It may be noted that there was actually some rise in consumer debt during the latter part of 1943, and though the downward movement was resumed in the first quarter of 1944 the total fluctuated within a narrow range of the low point of the previous year.

For long-term debt, on the other hand, most categories are likely to show more substantial declines in 1944 than a year earlier regardless of the course of military developments.

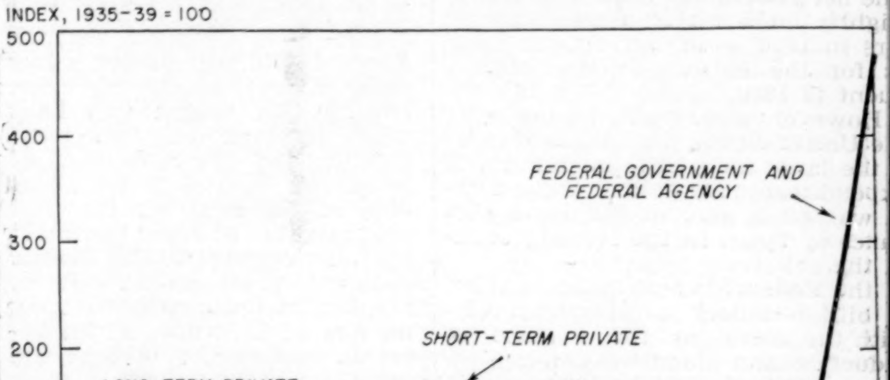
From this pattern, it would appear that the post-war private as well as State and local government debt structures will be in a position to absorb relatively large amounts of borrowing. The improved position of such prospective borrowers may exert an important influence in that they could provide a partial offset to the decreasing Federal Government expenditures after the war.

Chart 1.—Net Debt by Major Components, End of Year



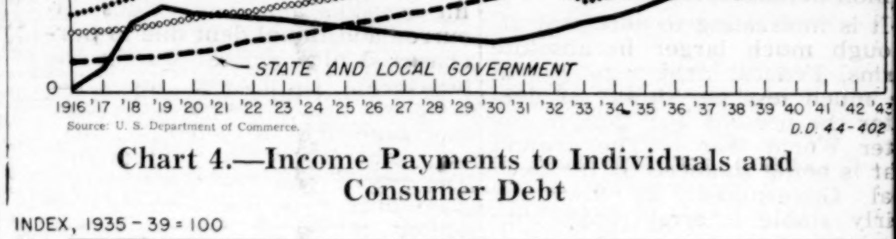
Source: U. S. Department of Commerce. D. D. 44-407

Chart 2.—Major Trends of Net Indebtedness, End of Year



Source: U. S. Department of Commerce. D.D. 44-402

Chart 4.—Income Payments to Individuals and Consumer Debt



Source: U. S. Department of Commerce D.D. 44-403

Trends in Net Debt, 1916-41

A brief resume of the trends of debt for the 25-year period ending with 1941 clearly indicates the contrast between Federal and non-Federal debt considered as a whole. In general, with the exception of the Federal all major types of debt increased from 1916 to 1929 or 1930, and have subsequently followed a downward pattern.

The broad trends of debt during this period were as follows: From 1916 to 1920, a sharp rise in the Federal, with a moderate rise in all other major groups; from 1920 to 1930, a substantial decline in the Federal, with a moderate increase in the non-Federal categories; from 1930 to the end of 1941, a large increase in the Federal, especially marked in 1941, and a steady moderate decline in the non-Federal structure. The increase in non-Federal debt during World War I is in contrast to the reductions that have taken place in the present war.

Relation to Business Activity

During the entire period from 1916 to 1941, the Department of Commerce series for total net private debt showed a tendency to move in the same direction as general business activity. Unlike the Federal debt, the trend of State and local government debt has rather closely followed the general movements of the major components of the private debt structure during this entire period.

During periods of declining business activity, over all private indebtedness was reduced, due to the decreased need for financing and to the increase in foreclosure and corporate reorganizations. Similarly, during periods of increasing business activity, total volume of private debt tended to increase, because the amount of new borrowings generally ex eeded the increased volume of ebt retirements.

Private long-term indebtedness, owever, followed the basic trends f industrial production and na- onal income with an apparent g of from 1 to 3 years behind ne movements of these two series, s can be readily seen by the ovement of private long-term ebts during the post-depression nd recent pre-war years.

On the other hand, although ovements in all classes of short- rm indebtedness have not fol- owed a clear pattern with re- pect to the turning points of past usiness cycles, short-term debts s a whole revealed a greater sen- tivity to economic changes. This clearly shown by chart 5, indi- ating, for example, the reversal f the downward trend of con- umer debt in 1934 and the subse- uent movement paralleling the eneral trend of business expan- on and contraction until 1941.

Federal

During the past 30 years the ederal debt has moved rapidly oward during three national nergencies, namely, World War the severe business depression the 1930s, and the present war. ne net Federal debt amounted to ightly more than 1 billion dol- rs in 1916, essentially the same for the entire period subse- uent to 1890.

However, with the entrance of e United States into World War the large loans abroad plus the penditures for the production war goods and for the mainte- nce of the armed forces resulted the relatively sharp expansion the Federal debt to more than billion dollars in 1919. In line ith the prevailing policy of debt duction and aided by a decade prosperity during the 1920s, the ederal debt was reduced by over billions and stood below 16 llion dollars by 1929.

It is interesting to note that al- ough much larger in absolute rms, Federal debt service will much less per dollar of debt ter the present war than it was ter World War I. The present ar is being financed by the Fed- al Government at low and irly stable interest rates, with e interest on war bonds averag- g under 2%, compared to the terest rates of from 3½ to 4½% rried by the Liberty Loans of e earlier war.

The increased volume of debt ligations incurred to provide r emergency expenditures plus creased revenues resulted in 31 in the first peace-time Treas- y deficit since 1915. The net ederal debt practically doubled ring the 6-year interval from e close of 1930 to the end of 36, rising from 15.4 to 29.5 bil- n dollars during this period. rt of the debt increase in 1936 s due to the payment of the justed service certificates. ereafter, the net Federal debt ntinued its upward trend, ris- g relatively moderately to 36.7 lion dollars at the end of 1940. e increase of almost 11 billions the Federal debt in 1941 was viously due to the enormous ancial outlay required, first national defense, and later for r purposes.

Non-Federal

Net State and local government bt, which amounted to 4.6 bil- n dollars at the end of 1916, se slowly but consistently each ar until it reached a high of most 17 billions in 1933. There- er, it steadily decreased until 38, and subsequently increased ghtly until the end of 1941, en it amounted to 16.3 billion.

Net private long-term debt rose m less than 44 billion dollars 1916 to over 93 billion by 1930, ile net corporate long-term bt, the largest private debt mponent, rose from 29 to 51 lion. During the same period, private short-term debt dou- ed, rising from 26 to 51 billion, d the volume of outstanding ban real estate mortgages of individual and other non-corporate mortgagors practically quadrupled, climbing from less than 9 to almost 33 billion dollars.

The only major component of private debt to reach a peak before the end of the 1920s was farm mortgage indebtedness. During the years of wartime expansion from 1916 to 1920, farm owners, in anticipation of increasing incomes and land values, incurred additional debt due to purchases at high prices. During the depression following the 1920 collapse, many farmers incurred mortgage debt in order to carry out other previous obligations. The result was that farm mortgage debt rose from less than 6 billion dollars in 1916 to a peak of almost 11 billion dollars at the end of 1922. Subsequent to 1922, farm mortgage debt dropped irregularly to 9.4 billions at the end of 1930.

In the following decade private net debt dropped annually from 1930 to 1936, increased slightly in 1937, fell again in 1938, then rose each year until 1941. Corporate long-term and short-term debt, consumer short-term debt, and urban real estate mortgage debt followed much the same pattern as, the total though with varying amplitudes of fluctuation and with slight differences in timing.

The volume of outstanding debt on urban residential 1-4 family homes was substantially reduced from 1930 to 1937, because of the low level of new lending activity on residential properties and the acquisition of real estate by mortgagees through foreclosure. However, the decrease in home mortgage debt during this period would probably have been much larger through more extensive foreclosures if the Federal Government, through the Home Owners' Loan Corporation, had not refinanced over 3 billions of distressed home mortgages in all parts of the country.

Farm mortgage debt in the general depression of the 1930s continued the decline instituted in the agricultural depression of the 1920s, a decline primarily attributable in both periods to foreclosures, rather than to repayments. The reduction of farm mortgage debt was maintained successively to the end of 1941, although the decline in recent years was, of course, due to the increasing improvement in farm income and in prices of farms, whereby many farm owners have been enabled to retire their debt more rapidly.

New Tax Forms Planned By Revenue Bureau —Income Tax Calendar For Taxpayers

Relief is in sight from the annual complications of filling out income tax forms, it was indicated in Associated Press accounts from Washington, July 30, in which Internal Revenue Bureau experts were reported as saying they believe they are on the road toward forms which the average taxpayer can understand. The advices from which we quote went on to say:

For about 30,000,000 taxpayers there will be a matter of answering a few simple questions. For 20,000,000 others it will be somewhat more difficult but still considerably easier than in former years.

A person with an income under $5,000, provided that more than $100 of it is not from dividends, interest and wages not subject to withholding, will be allowed to make his return on the withholding receipt provided by the employer.

All the taxpayer will have to do is fill in the amount of wages, other income and a few other answers, mostly listing dependents. No figuring is involved. The taxpayer will mail the information to his collector, who will do the mathematics, and sit back to await a bill for the balance due, or a refund if he has overpaid.

Individuals with higher incomes will use a so-called regular blank, but the experts promise this, too, will be less confusing than in the past. These taxpayers will have to figure the amount of tax, but tables accompanying the forms will make this easy.

For most, it no longer will be necessary to remember how much they gave to the church, the Red Cross, etc.

There is a flat deduction of 10% for contributions, interest, taxes, medical expenses, etc., all of which formerly had to be listed within specific limitations.

Those who claim larger deductions must use a regular blank and give full details.

The 1944 tax law makes numerous changes in allowances for dependents, for instance:

Each person is entitled to a $500 exemption, instead of $500 for a single person, $1,200 for a married couple, and $350 for a child. Thus a couple without a child will pay more income tax, while a couple with one child will pay about the same, and a couple with more than one child will pay less.

The old rule that a dependent had to be under 18 or mentally or physically incapable of self-support goes out the window. There is a new rule, however, that a dependent must be a citizen of this country, or live in this country, Canada or Mexico.

The Associated Press at the same time supplied the following income-tax calendar for individual taxpayers:

Sept. 15—Third quarterly payment due on 1944 taxes. Also time for amending estimate declarations if they have become out of kilter. The final tax is supposed to be within 20% of the estimate, but there is no penalty if it exceeds that amount as a result of the new tax law.

Dec. 1—All employes must file a new exemption certificate with employers. This is due to changes in exemptions.

Jan. 1—Employers begin using new withholding rates. Withholding taxes average about the same, but they will differ in individual cases, chiefly due to changes in exemptions.

Jan. 15—Deadline for fourth-quarter installment on 1944 taxes. The old date was Dec. 15, but was changed by the new tax law. Also deadline for filing 1944 declarations or amended declarations. The new declarations for the most part will come from farmers, not required to make estimates previously. A taxpayer may make a return, instead of this declaration.

Jan. 31—Deadline for employers to give employes receipts for wages paid and taxes withheld in 1944.

March 15—Persons who did not file a return Jan. 15 must file return for 1944. Any balance due is payable in full.

"What Is All The Shooting About?"

(Continued from page 483)

derwritings, and the like, are unconstitutional. These violate the anti-monopoly laws and are a form of special legislation discountenanced by the Courts.

The requirement that NASD members must treat non-member dealers as they do the general public, denying these dealers discounts to which they are legally entitled, is particularly reprehensible. It is special privilege personified. Here monopoly has raised its head in ugly form.

Is it so astounding that the constitutionality of this legislation has been raised? Even the Department of Justice of the United States has done that, but upon another issue, on which we do not here express any opinion.

This law as a whole is not unconnected with the old, now demised, NRA, which our Supreme Court declared unconstitutional. The mental attitude behind that statute has much in common with the one which we are considering.

During the very hearings in Committee before Congress, which gave rise to the Maloney Act, doubts were expressed concerning the sweep of this legislation.

Though we oppose monarchy, a benign ruler may sometime be forgiven, but a despot never. So with NASD. Had its Board attempted to administer in a spirit of understanding the affairs entrusted to it, constitutional tests may have been deferred. By willful blindness, it is forcing the inevitable. Passing rules by bypassing its membership, ignoring the opinions of that membership evidenced by polls, these indiscreet gestures mark the beginning of the end.

We venture this expression of opinion, which may be considered daring because it is prophetic. Unless sooner terminated by Court edict, there will be, one day soon, a congressional investigation of the NASD. When and if that investigation takes place, there will come to light information that a campaign has been and is on foot to force all securities dealers into the NASD. In our opinion, the tampering with over-the-counter quotations by so-called "quotation committees," forms a part of that campaign.

Finally, securities dealers pay dues to and are assessed by NASD to the tune of several hundred thousand dollars each year. For what? Does this auxiliary police force represent a need? Strip it of its anti-monopolistic features and it would die an almost immediate death.

Give to Caesar that which is Caesar's. Let the Securities and Exchange Commission perform its functions openly and not through the medium of behind closed doors collaboration.

Let us erase institutions which are neither wholly public nor wholly private but which cement their existence by a binder of unholy monopoly, depending upon a regimented membership, which is claimed to be voluntary.

Avoid Trade Battle With Great Britain

(Continued from page 485)

to choke off by a submarine blockade, as Napoleon tried nearly a hundred and fifty years ago, to choke England by a different kind of blockade. And they can only get that lifeblood by exporting their manufactures and services to pay for it. They are perfectly willing to get that support from us, which we can supply to a considerable degree, but we have to take their manufactures and services to get our pay for it.

"The British are exporting now so far as it does not interfere with the war effort, just as we are, in order to reduce their mounting war costs, but what they ship out is way below pre-war, much farther below than United States trade. Our exporters think the British are jumping the gun, and their exporters are equally certain we are making it impossible for them to get back their markets.

"Neither view is accurate. Equally wrong is the battle of giants theory. The place of governments is to see that their nationals are not discriminated against, but we have no business to make trade competition an argument between governments. One difficulty is that the private enterprisers themselves often want just that, a government intervention that gets them the contract.

"Our first objective is to eliminate our trade controls as fast as they are no longer necessary for the prosecution of the war. Immediately that runs us into efforts of foreign countries to prevent wartime, or transitional, inflation, and their feeling that they must keep or put on new controls for that purpose. And some of the proposals for relaxation of controls means more United States exports, and runs into the dollar exchange problem of England, who would have to release dollars to pay for this new trade.

"So our second objective is to devise a system for prompt and friendly discussion, with the British especially, through which we can work out this basic transitional problem effectively and promptly.

"But one of the most important objectives must be for each country to study sympathetically the financial and commercial problem of the other, in the light of its own longtime interests and to work out measures in each country which can form the basis for world trade among them, and the basis for approaches to the other trading nations for similar trade.

"There are two theories of our relation to Great Britain in connection with the war. One is that this war is Britain's war, not ours really. We do want Britain to win, however, and so we give them the extra push, the extra men, the extra equipment and supplies to supplement their effort. We expect them to spend themselves empty, empty of vigor, empty of resources, empty of their young men's lives, while we spend only the supplement we give them that they need. Any surplus comes back to us. That theory seems to me profoundly immoral. It leads to argument about the percentage of Americans on some particular European front compared to British. It leads to demands for the control and domination of British finance after the war, because they have used their resources, and owe us the balance. It means the end of any Anglo-American friendship and collaboration.

"The other theory is that we are partners. That reflects our actual operations. We have pooled our resources and our men, and we try to share the destruction and wastage of war, because we are engaged in a common effort to maintain the elements of our civilization, in which we cooperate even in matters of mutual irritability. Yes, there are evil things in our civilization, and certainly there are events in the history of both countries which do not live up to our best ideals. Some of our allies may have a different political tradition. But our two countries have in different ways built up the content of the democratic ideal for human existence, and our common opponents in this war have dragged it down and threatened our own existence. Individuals from each of our nations are shortsighted and irritating to the other nation, but our past and our future are inextricably linked.

"We must win this war together, and we must work together in political and economic matters for a peaceful world of commerce and friendship and sound standards of living for ourselves and for all others whom we can help to rise."

NY Bank Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued a most interesting quarterly comparative analysis of 17 New York City bank stocks. Copies of this analysis may be had upon request from Laird, Bissell & Meeds.

Markets, Prices And Profits

(Continued from page 484)

sometimes inappropriate regulation. For such a condition, all must share the blame.

In all fairness, let us start with the assumption that there is little evidence to support any belief that the Securities & Exchange Commission has ever acted in deliberate bad faith. Its rules, regulations and directives have been based on a proper course of action as **the Commission has viewed the evidence.** If the presentation has been incomplete, inconclusive, faulty or obviously prejudiced, there can be no logical complaint against any reasonable order issuing from such premises.

Strange as it may seem, there are far too many important men in the securities business, capable, intelligent and of high integrity, who have never looked beyond the narrow limits of their own specialized activities. There are thoroughly experienced stock exchange men who are not well versed in the intelligent handling of an over-the-counter order. And there are likewise many security distributors and salesmen who have never acquainted themselves, other than superficially, with exchange market procedure.

The writer believes that an appreciation of the **inter-relationship** of all divisions of the securities business, **with an adequate realization of certain fundamental differences,** will go a long way toward eliminating internal dissension and misunderstandings with corresponding benefits to all.

The following report is an attempt to provoke intelligent thought about certain basic concepts of the business. It is offered in the belief that facts are the deadliest foes of prejudices, wherever and to whatever extent they exist.

Aside from the issuance of new securities by private placement, negligible transactions at public sale and, omitting for the purpose of this discussion, the exchange of new securities for old through reorganization or reclassification, all securities bought or sold in the United States today are dealt in (a) a national exchange, (b) the unlisted department of a national exchange or (c) over-the-counter.

Why do we have these three market classifications? How did they develop? Are they related? Do they conflict? What are their distinctive functions?

Background

The urge to exchange things of value is inherent in mankind and is as old as antiquity. Genesis records that Jacob acquired Esau's birthright for a mess of pottage, much to the latter's subsequent discomfiture. Primitive forms of barter still prevail in many parts of the world, although, for the most part, wealth in its economic sense is divided, accumulated, distributed and exchanged by dealing in the tokens of wealth, i.e., money, credits and securities.

The progress and development of every civilized nation has been immeasurably accelerated by the opportunities afforded its citizens to participate in its commercial and industrial growth, a fact which is most obvious when viewed in reverse: the backward countries today are those in which relatively few investment opportunities are available. The very existence of most of our great domestic corporations is rooted in the pooled savings of hundreds of thousands of small participants—the security holders—who have bought senior obligations as investments, or who have chosen to express their faith and confidence by advancing risk capital and accepting an equity position. This is almost axiomatic in its truth and simplicity, and yet, we believe, is frequently lost sight of in the welter and barrage of controversial technicalities.

The issuance and distribution of securities and the development and maintenance of facilities by which they may freely be bought and sold is a basic economic necessity. It is fundamentally good, not bad. IT IS THE LIFESTREAM OF BUSINESS PROGRESS.

Origins

As a matter of history, the development of present-day financial markets goes back scarcely a hundred and fifty years.

In the post-Revolutionary period, a wide diversity of financial business was transacted by early merchant houses and private commercial banks. The first bonds issued by the Federal Government were thus distributed and dealt in, as were shares in insurance companies, banks and other early business enterprises. The term "over-the-counter" originates from the fact that investors and dealers of that period actually transacted their business over the counters of these private banking houses. The custom, with variations and refinements, has endured.

The forerunners of present exchanges were to be found in the "coffee houses" where it was natural that individuals with common interests should meet as a matter of convenience. As the young nation grew and as shares in its development increased in diversity, availability and volume, there followed the gradual establishment of "stock and exchange boards." By present standards, activities were limited, usually consisting of a roll call of bid and asked prices once or twice a day following which orders were matched.

It is unnecessary here to trace the respective growths of the over-the-counter and exchange markets through the years to their present state of development. Suffice it to indicate that, historically, so-called over-the-counter trading is the great-grandfather of all exchange markets.

In the matter of volume, again the over-the-counter market overshadows exchange transactions. Precise data, other than that covering exchange trading, is difficult to obtain. However, the Securities & Exchange Commission in a report dated January, 1936, pointed out that the total of all listed issues on Dec. 15, 1935, was approximately 6,200 while the National Quotation Bureau's stock and bond summaries for the same period reported quotations for over 90,000 issues. While the latter figure probably included all or almost all the 6,200 listed issues, even after deducting these, the resulting difference "remained enormous."

In the light of these facts, it appears pointless, juvenile and thoroughly illogical to champion one type of market to the exclusion or detriment of the other. There are surely sound reasons for the existence of both. Straight thinking should supply the answers.

Securities, like water, will seek their level. Not only is this true as regards price, but also true in respect to tending to seek out the market place best suited to their individual characteristics. It is elemental to state that there is the widest divergence in the qualities as well as the forms and terms of securities, but the fact should not be overlooked. This report need not concern itself with qualifications other than those which have a bearing on the development of adequate and appropriate markets.

Two Principal Classifications

In this respect, all securities may be broadly classified as (a) those possessing auction market characteristics and (b) those for which an adequate market may be established and maintained only by negotiation. There are borderline instances, of course, and even some relatively few issues that can flourish reasonably in either or both environments. But, generally speaking, the distinctions are clear-cut and fundamental.

A typical auction security must be of sufficient size to provide an adequate floating supply; i.e., its distribution must be widespread to the extent that potential buyers and sellers may readily be found among many holders. It should be the obligation of a company that is well-known, or of a company in an industry that is well-known. Complete information as to assets, liabilities, earnings and corporate history should be available over a period of years. It should lend itself to comparison with other issues of like kind. There must be sufficient continuing interest on the part of the investing public to assure a broad and active market and to record a continuous series of transactions.

To the extent that a security fails to possess the above characteristics, to that extent it fails to belong to the classification of auction securities and the more properly does it belong to the group for which markets can be maintained only by negotiation.

It is obvious that many auction characteristics either are, or are not, inherent. The prerequisites cannot be conferred by wishful thinking, whimsy or edict.

It is true that characteristics of some securities may change over a period of time as a result of new trends in industry with resultant change-abouts in public favor. An auction security may lose its market following and become hopelessly inactive. Or a negotiation security may encounter new or increased interest to the extent of becoming sufficiently active to support a true auction market, provided it is otherwise qualified.

It would appear, therefore, that in the best interest of service to the public and to themselves, national exchanges should not seek to add listings indiscriminately in the mere hope of increasing trading volume. Rather should they be on the alert to delist those issues which no longer possess auction characteristics, or, in some instances, never possessed them. Additions to listings should be made only when requirements are fully met.

This viewpoint is fully supported in the SEC report to Congress, previously referred to, from which the following is quoted:

"Admitting a security to trading privileges on an exchange amounts to a representation by the exchange that an appropriate and adequate market for that security exists on that exchange. . . . If that representation is incorrect the quotations which an exchange disseminates are misleading and have a tendency to react harmfully upon the bid and asked prices for that security in other markets. Consequently, no exchange should be permitted to admit to trading privileges a security when the admission of that security to trading privileges on the exchange means a misrepresentation to the public that an appropriate and adequate market for that security exists upon that exchange."

Inappropriate Listings

That made sense in 1936 and is no less applicable today. Let us see what, if anything, the exchanges are doing about it. At random, we have examined the "Wall Street Journal" of May 15, 1944, although any current issue will disclose approximately the same results.

On the New York Stock Exchange, among "Stocks Not Traded In" on that date, we find 19 issues in which a buying order could not have been executed at any price for the simple reason that no offering existed. Not an inappropriate, inadequate or even an out-of-this-world offering—just no offering at all. We find 32 additional issues, not traded in, in which the spread between the published bid and asked varies from 3 to 30 points.

In the same edition, on the New York Curb we find 30 issues for which there was no offering and one issue offered without a bid. An additional 28 issues were quoted with spreads up to 13 points. Not necessarily high-priced stocks, either. Note the following:

	Bid	Asked
Canada Bread	3	7
S. M. Bruck	5⅝	10
Woolworth, Ltd. pfd.	4	7

An examination of the year-end summaries also yields some illuminating information. During the entire year of 1943, 20 issues on the New York Curb did not sell at all, and, in 65 other issues, volume for the year varied from 20 shares to less than 500.

Of related interest is the odd situation existing in Camden Fire Insurance stock. This issue enjoys a broad and active over-the-counter market in which the inside spread seldom exceeds a quarter of a point. Camden is quoted on the Curb usually with a spread of 1 to 1½ points, but rarely, if ever, sells. There were no transactions in 1943 and none thus far in 1944. To the best of the writer's knowledge, total listed sales have not aggregated 100 shares in the last eight years although there are 400,000 shares issued and outstanding. The Curb market is based solely on and around the true market which is strictly over-the-counter.

The above indications of inappropriate listings and inadequate markets have been taken from the country's largest exchanges. On the smaller exchanges such examples are tremendously increased percentagewise. It may be noted that of the 456 issues eligible for trading on the Philadelphia Stock Exchange, transactions in 25 to 30 issues is a normal daily average, and, during all of 1943, sales took place in a total of only 54 issues.

The preceding paragraphs have endeavored to set forth that inadequate markets exist in many listed securities. This, of course, is no fault of the respective exchanges. The machinery of the market is equally available to all. The rub lies in the simple fact that for one or more reasons that are readily ascertainable, the securities don't measure up. They just don't belong on national exchanges. **Listing, in itself, is no assurance of liquidity or activity.**

Let us inquire as to how this situation came about and why it is permitted to continue. The answers, we believe, are to be found in the consideration of two principal factors, (a) the persistent philosophy of the SEC generally favoring the listing of securities and (b) an easily understood support of this view by the national exchanges. We will examine them separately.

Early SEC Theory

The SEC attitude stems directly back to the origin of that body. Most of us recall somewhat painfully the stock market catastrophe of 1929 and its aftermath. Regardless of the responsibility attributable to its own excesses, the public demanded a scapegoat. Wall Street became the symbolic whipping-boy of the nation. A new administration obligingly provided us with the Securities & Exchange Commission and charged it with the task of purging the Street of all real and fancied corruption. The crusade was on.

The personnel of the SEC was originally composed of members of the legal profession, well versed in Blackstone but not too conversant with the usages, customs and common practices of the securities business. This weakness, and such we consider it, has been largely perpetuated in the personnel of succeeding Commissions.

Admittedly, the task before the first Commission was something akin to awesome. But they resolutely, zealously and somewhat cheerfully addressed themselves to it, flailing away at obfuscations, great and small, as they were individually and collectively encountered. Confronted with a mass of complicated, inter-related and technical problems, unfamiliar to its members' previous experience, the Commission speedily recognized that exchange markets were easier to comprehend—and hence to regulate—than over-the-counter activities. We quote from the 1936 report:

"It should be observed that exchanges constitute an organized mechanism of control which can be utilized to good advantage. Manipulation or deceptive practices in the comparatively unorganized over-the-counter markets are more difficult to detect and prevent. In consequence, if our purpose is the effective regulation of trading practices, it would be profitless to drive securities from the exchanges into the over-the-counter markets."

And again:

"Inasmuch as the theory both of the Exchange Act and belief of the Commission is that an exchange market under appropriate conditions operates for the public interest and for the protection of investors, it may be undesirable to prevent an exchange market from coming into existence for a particula security for the sole reason tha reports comparable to thos now received . . . are not available and that insiders will no be liable for trading profits a provided."

The further development of thi philosophy throughout the repor led to a recommendation to Congress that the Exchange Act b amended to empower the Commission to prescribe terms an conditions under which securitie would be "permitted to enjoy" a exchange market.

The recommendations made b the Commission were adopted an further powers granted designe to regulate activities in the over-the-counter markets. Rules an regulations based on these broa powers "in the public interest o for the protection of investors are now in effect.

It is inescapable to conclud that the first SEC, in approaching the problems which the confronted it, was motivated b expediency more than by logic and that subsequent SEC personnel has adhered closely t that pattern.

Nowhere, in any SEC repor have we observed that any consideration has been given to th inherent differences in th characteristics of securities, o to the economic usefulness o employing the functions o salesmanship and merchandising in their distribution.

National Exchange Attitude

The attitude of most nationa exchanges, large and small an wherever located, in seeking t increase the number of issue eligible for trading thereon readily understandable. This policy, for the most part, is pursue with scant consideration of the individual fitness or adaptability o any security to auction tradin Rather it is based on the theor that whatever activity ensue even though negligible, will benefit the exchange.

However much national exchanges, or, to be more specifi the policy-controlling membe thereof, lean toward the theory o abundant listings, there are certain concepts of a fundamenta nature that are too obvious to be ignored. The SEC has consistently ruled that, among other requirements, exchange trading privileges be granted only to issues in which there has been adequate public distribution and in which there is substantial local trading in the vicinity of the applicant exchange.

"Vicinity"

And what a mare's nest that word "vicinity" has aroused! An eminent and authoritative lexicographer, one Noah Webster, defines the word in simple terms: "Quality or state of being near; nearness; proximity. A region about, near, or adjacent; neighborhood."

In reference to a recent application to extend unlisted trading priveleges on the New York Curb to two midwestern utility company bond issues, the "vicinity" of the New York Curb was variously argued to be (a) New York City alone, (b) an area within one hour's commuting distance of New York City, (c) the territory enclosed by lines drawn midway between New York City and Philadelphia and New York City and Boston (Philadelphia and Boston being the closest cities to New York in which national exchanges operate) and (d) the states of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania and Ohio. The latter panoramic viewpoint apparently conformed to the SEC's own interpretation of "vicinity," and an order granting the application was issued. The ruling was appealed and brought to trial before the U. S. Circuit Court of Appeals at Philadelphia. Thereupon was handed down a decision, supporting the SEC order, in which it would seem that amazing and reckless liberties had been aken with the English language. The mental aberrations of the Court are worthy of direct quotation. (The bold face is ours.)

"We can conceive of circumstances in which a most widespread distribution of a security might not aid an exchange in establishing a **vicinity** in respect to an application for extending unlisted privileges to that security. For example, there might be a very extensive distribution of a given security in an area where the Curb had neither members or facilities. Such an area could not be considered to be in the vicinity of the Curb. On the other hand, if Curb **facilities** are present in a given locality, the extent of the distribution and nature of the holdings of a certain security in that locality must be deemed to be relevant in determining **vicinity.** . . . The Commission must consider the circumstances attendant upon each application made to it and decide it on the particular facts inhering in each case. . . . The Congress intended the Commission to approve the extension of unlisted trading privileges to a security when the applicant exchange can demonstrate its ability to support an adequate market in that security."

By a stroke of the pen, so to peak, the word "vicinity" has een deleted, the word "facilities" ubstituted therefor, and the nearness, neighborhood, proxmity or adjacency" of the New ork Curb has been extended, hall we say, to San Francisco, by irtue of the fact that a Curb ember has an office in Califoria with wire service back East! hus has Biddle been out-biddled.

Moreover, the Court's rather recocious interpretation of the ntent of Congress is open to chalenge. As a matter of fact, the riginal Securities and Exchange ct of 1934 provided for exchange rading in only registered and **ully listed** securities. The first ommission was empowered, here it was deemed "necessary r appropriate in the public inerest or for the protection of investors," to extend then existing unlisted privileges for short lengths of time. In respect to unlisted trading privileges on exchanges, the Act provided **that none should be continued beyond June 1, 1936.**

Peru Calls For Another Internat'l Conference Having Broader Scope

Delegates From The South American Republic State That Further Economic Action Is Required To Create Conditions For Attaining Purposes Of The International Fund And Bank

The Peruvian delegation to the International Monetary Conference, through its Chairman, Juan Chavez, Commercial Counselor of the Peruvian Embassy in Washington, issued a statement expressing support of the efforts to create a world organization "to bring nations together," and recommending another conference with broader economic action "to create conditions necessary to make possible attainment of the specific purposes of the Fund and the Bank."

The text of the statement is as follows:

Peru heartily supports every move to bring about closer cooperation between the nations of the world both in the political field and in the economic field to promote general welfare and to raise the standards of living of the people everywhere. Records of international gatherings are enough evidence of this and more particularly so those of the Montevideo Conference of 1933 and of the meeting at Rio de Janeiro early in 1942 after Pearl Harbor.

In a way it may be said that this Conference represents the first attempt to create a world organization meant as a permanent institution to bring nations together. It is most important, therefore, that all factors be studied carefully so that failure will not attend any such attempt at closer world cooperation, for such failure might well set back its possibility for generations. After all, there is unfortunately so much skepticism among a large proportion of people in all countries about the possibility of world cooperation that the greatest care should be taken so that every forward step proves to be a success, for failure might bring the whole scheme into disrepute. The first steps are the most important because they will show to the unbelievers the feasibility of world cooperation. Once this comes to be generally accepted then it will be possible to be more daring and to risk more because any failures would not endanger the whole movement. There is so much to be gained from world cooperation that no pains should be spared to be sure to get firmly established the foundations on which the whole structure will come to be built.

At the start one should, therefore, set out to study the necessary pre-requisites to the establishment of some such scheme of international monetary cooperation as the one on which this Conference is working. To do this, let us be clear what the plan purports to achieve. It is meant to facilitate exchange transactions and to prevent unnecessary disruptions in the exchange relationships between the different currencies. It would tend to smooth out those temporary difficulties which can be overcome by appropriate help at the right time. It is not meant to provide permanent subsidies to an economy which, for some reason or other, is out of balance or is in need of long term help, to prevent the depreciation of its currency for instance. It is meant, rather, to smooth out differences of a tidal character which ebb for a time only to flow back later. Movements of this kind have often caused unnecessary trouble which might have been avoided if the appropriate machinery had been available to make possible outside help.

It goes without saying that any such mutual help for this kind of emergencies can only be based on an honest realization by the different nations of the world that they all have the same interest at stake; that they stand or fall together; and that nothing that can be harmful to the rest can in the long run be beneficial to any one of them individually. This seems to be the first pre-requisite of the whole scheme as it is of any other kind of world cooperation. To start with it assumes the abandonment of any attempts at prosperity within any one country by voluntary depreciation of its exchange below the level corresponding to the true economic value of its currency.

But there are other pre-requisites of an economic nature which will be necessary for the success of the plan. When it starts functioning, conditions should be such that it will not have to face disruptions of a permanent or acute nature that may prove beyond its scope or with which it may be unable to cope. Great care should be taken that it will only have to tackle such problems as it is meant to. To overlook this would be to take risks of such nature that unless extraordinarily fortunate and unforeseen events were to take place the whole plan might not escape failure.

In the years before the war the principal problem was a strong and persistent current which kept in the red the balance of payments of the debtor countries. There was nothing of a tidal nature in this movement. It was a continuous flow in one direction. It is true that this flow was greatly intensified by transfers of capital and "hot money." But apart from these, if account be only taken of the other items which enter into the balance of payment, there had been a definite trend for quite a number of years so that, even if transfers of capital had been controlled, a deficit would have been shown by the debtor countries. The Fund is not meant to cope with sustained movements of this type; and yet, can anyone feel confident that the war will have changed that trend? If conditions similar to those existing before were to obtain again, would the Fund be able to operate successfully for any length of time? In other words, could it stand the strain of a movement as strong as the one we witnessed in the prewar years which might exhaust its resources of currency of the creditor countries?

A fundamental matter in exchange stability is the determination of the right parities between the different currencies. Unfortunately, five years of war have brought about such artificial conditions in most countries that it seems practically impossible to foretell what the rates of exchange will tend to be. Take, for instance, the question of the internal purchasing power of the currencies. Production and distribution controls, ceiling prices, subsidies, and innumerable other forms of government interference have brought about, in almost every country, such an artificial state of things that perhaps not many people would venture to say what the relative value of the different currencies might be according to their actual economic value. Yet a mistake in starting with the proper exchange relationships might, to say the least, have the effect of seriously undermining from the very beginning confidence in the success of the whole scheme.

If the world is going to tend towards greater freedom and towards the elimination of as many artificial government controls as possible, as seems to be the general wish, matters like this will become of paramount importance. In the long run, whether official controls remain or disappear, such questions will always be fundamental. It does not seem possible to run the whole economy of countries with a democratic system of government on basically unsound lines. Sanctions of a very severe nature to make people comply with certain regulations cannot have the backing of public opinion for very long. The general outcry is almost bound to be for shortening of the transition period as much as possible so that these shackles be thrown away.

Then there is the question of the peculiar exchange position of the different countries due to the war with which, by its very nature, the plan is not meant to cope. For instance, the indebtedness which has accumulated in the shape of loans of various sorts, large amounts of blocked currencies, and so on. It is evident that these matters have to be tackled before by different means. Otherwise, they would almost be bound to develop such disruptive tendencies as might be capable of wrecking any plan, for they are not only of concern to both debtor and creditor but to other nations as well. We must not forget what a stumbling block to post-war world reconstruction the Reparations Problem was last time.

Let us examine one specific case. England has been the world's leading market. Goods from everywhere could reach her ports with every certainty of finding a market where they could be sold and the proceeds transferred to other countries. Could that be the same again as long as the blocked sterling problem is not solved? For as long as it remains unsolved, untold restrictions will have to remain in force and they may well prove unsurmountable difficulties. Now for many new countries, of which Peru happens to be one, the existence of such a problem is a serious matter. England has been the only market on which they could rely in good or bad times, from the very beginning of their trading history, one might say. If this now ceases to be so, where else will they be able to sell freely? Other possible markets still remain closed. Nothing seems to point yet to their being open in the reasonably immediate future. At least a very large proportion of the new countries with a simple economy based on the export of raw materials would be in this same predica-

(Continued on page 510)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 485)

the war looked like the surprise to watch out for. As that subject has been mulled over and discussed by every commentator, the element of surprise has evaporated. The only surprise that can now spring out of the war is the political tie-ups and their economic implications.

* * *

Our own elections may, to some extent, have an element of surprise. With Dewey beginning his active campaigning, statements made may tend to upset long established beliefs. But that, too, cannot be considered of terrific market importance.

In the final essence it is known methods probably already decided by various industries and organizations that will prevail in solving the knotty problems the end of the war will bring. And the market, little concerned with methods or social solutions, is in its own way saying that all the talk, now theoretically in a speculative stage, will resolve itself into action which will bring higher security values.

* * *

The public is still selling. But the public always sells on declines and dullness. The only time the public is interested in stocks is when the market is active and stocks are strong.

* * *

Last week I mentioned a list of securities I thought would be attractive on the next decline. With the market improving I think some of the prices I gave were too pessimistic. I now therefor suggest lifting buying levels all along the line.

* * *

Here's the new list:

Bendix—Buy between 37½ and 38½. Stop at 35.

Bethlehem Steel—Buy between 59 and 60. Stop at 57.

Boeing—Buy between 13 and 14. Stop at 12.

Douglas—Buy between 50 and 51. Stop at 48.

Jones & Laughlin—Buy between 22½ and 23½. Stop at 21.

Lockheed — Buy between 16 and 17. Stop at 15.

U. S. Steel—Buy between 57½ and 58½. Stop at 55.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Peru Calls For Another Internat'l Conference Having Broader Scope

(Continued from page 509)

ment. They would have to face very difficult times which would continue for as long as this problem had to await a solution. If this is not done in advance, nobody can tell for how long it may drag.

There is also the problem of the need of many countries for making large purchases abroad merely to refit their productive equipment which has been deteriorating during the period when replacement of machinery has not been possible. To stand on their feet after the war, countries will have to regain their previous productive capacity and to do that many small nations, at least, will have to import large amounts of machinery and spare parts to refit their equipment and stocks. This may put too severe a strain on the exchange resources of even those countries which have been able to accumulate a certain amount of foreign balances. Where the figures are relatively small, the problem may not be of world importance from the point of view of the amount of help required, but sight should never be lost of the fact that the problem itself, for each of the countries involved, may be of paramount importance. This is particularly so in the case of those nations who in the immediate past have only managed to make small additions to their foreign exchange or gold holdings. As long as such re-equipment only serves the purpose of bringing back their productive capacity to where it was before the war, it cannot be said that any help received from abroad will automatically produce enough exchange for its repayment. Long term help will thus be required, and, unless very insignificant in amount, such long term help could not come within the scope of the International Monetary Fund.

Now it seems as if the World Bank for Reconstruction and Development were to be the type of organization to take care of problems of this character. But account should be taken of the fact that the help needed might have to be of a very long term nature. Otherwise, it might not have the desired effect. If the services of the funds advanced put a severe strain on the economy of the needy country, the help extended would not be really relieving it from its difficulties. The point is that the country receiving help to meet this kind of difficulty should only be called upon to meet obligations arising out of such help when it can afford to do so. After all, the idea is to prevent situations that have arisen from producing their ill effects, and such ill effects can as well be caused by letting the present situation run its course as by being too insistent on prompt repayment of the help granted.

But apart from possible difficulties such as those just mentioned it does not seem possible for a monetary scheme like the Fund to prove workable unless the world is made safe from severe depressions which in the past have acted as strong disruptive forces slowing down economic life in a general way everywhere but with different intensity in each country.

Much of the discussion of these problems that takes place today seems to assume that there will be no other such general depressions in the future. That is something everyone earnestly desires. But whether a scheme of this nature can be based on such an assumption is something which anyone can be forgiven for doubting. When we come to compare the various measures advocated to assure prosperity and full employment permanently in the world we are baffled not only by the disparity of the suggestions but also by the criticism which each one of them seems to imply, in one way or another, of the others. No one can be blamed for being afraid that too much perhaps may be taken for granted; that wishful thinking may be having the better of cold reasoned analysis and that, if and when a depression sets in, it may prove almost as difficult to overcome as in the thirties. Even at present, when in countries at war full employment seems to be the case among the civilian population no one can overlook the fact that men and women will one day be released from the services and other war government agencies and that there will then be millions thrown into the labor market who may only be able to find a job for themselves by displacing those at present occupied.

If a depression were to come, the lot of the small, raw materials exporting countries might indeed be a very difficult one. It was so during the thirties and no one can blame them for being afraid that it may be so again. Supposing they struggle, as some did last time, to maintain stable their rate of exchange by a deflationary policy at home. This led to a general stagnation in economic life which caused unemployment, thus further depressing the standard of living of the people. The only thing left to them then was to go off the gold standard and let the rate of exchange take its course. Well, in such a case, if the Monetary Fund agreement had already been in force, would they have been just as free to make such decisions based on their intimate knowledge of their own problem? After all, it is only natural that countries with the biggest say in the administration of the Fund have their own difficulties and their own problems more in mind when determining its policy. Well now, their policy may not be exactly the one best suited to the small countries struggling with their own peculiar difficulties. Let us consider, for instance, the concrete case of abandoning the stabilization and letting exchange loose to find its own level in a free market, which ten years ago proved to be about the only way out of an extremely difficult situation. The international body in charge of the monetary arrangements might have frowned on such a course. Yet, at the same time, it might not have found fault with large and important countries which, by continuing to adhere to some mistaken policy, might have been the main cause of all the trouble. It may even happen that one or just a few such large countries might have solved the problem of many a small one by changing their fiscal policy, for example, and letting some imports enter their markets from abroad. In fact, by adhering to the wrong fiscal policy, they may not only have been hurting a few small countries but world economy at large. Yet the monetary governing body might have had nothing to say against that. Nobody can question the fact that it is not always the debtor countries that are to blame for disruptions in the relationship of the different economies that so often lead to world depressions. It seems to be rather the case that creditor nations, by not always living up to the obligations inherent in their more fortunate position and by following short-sighted policies, may come to upset world trade, impoverish the lesser countries, and end by being the victims of their own deeds.

It is for these reasons that there seem to be so many misgivings about the possibility of achieving success in the monetary field unless some further progress is made in the matter of avoiding deep depressions which affect the welfare of all countries. These misgivings are particularly common in new raw material producing nations because their economies depend mostly on just a few commodities and yet nothing is being done to provide them with markets on which they can count, capable of absorbing sufficient amounts at reasonable prices. That is why people wonder whether it is possible for any scheme of world monetary cooperation to be successful over a certain period of time as long as such fundamental economic problems as greater freedom of trade and fair security for large groups of producers are not tackled. For if things are left as they were before the war it does not seem unreasonable to fear a repetition of what we witnessed then, when a strong current in the international balance of payments continued in the same direction for quite a number of years keeping in the red the balance of payments of the debtor countries. With this sort of disequilibrium the Fund could not cope.

Perhaps the basic difference between the economies of large industrial countries and of new raw material producing nations is not always given due attention. It is evident that both are seriously affected by world depressions such as the last one, but the effect seems to be deeper in the new country. It is also somewhat of a different character. And then there is always the lack of resources upon which to fall back.

It might be said that the solution lies in the diversification of the economies of new countries, so that they also become industrialized. There is no question that everything possible should be done in that respect and the Bank for Reconstruction and Development may do a great deal of good in this field, but the young industries will be in need of a certain amount of protection from the sort of unfair competition that large manufacturers in the great industrial centers can carry on to prevent them from developing from the very start. It cannot be questioned that we have seen much disloyal competition killing at birth what promised to be healthy enterprises in countries struggling to strengthen their infant industrial development.

We might sum up by saying that there is no question that more can be achieved at present in the way of bringing about closer cooperation between different nations of the world than was perhaps ever possible before. As such a favorable state of mind might not last, an honest attempt should be made now in this direction. But for the very reason that world cooperation is so important, practical steps should only be taken when it becomes pretty evident that enough of every problem has been considered to have reasonable hope of success. Granted this to be so, we might say that perhaps we should not attempt this work piecemeal but rather in a comprehensive way. And yet it must be admitted that though nobody can differ from the "Purposes and Policies of the Fund" as outlined in the first section of the Joint Statement of the Experts, the machinery in view does not give the impression of being comprehensive enough to achieve such aims. The question seems to be whether the International Monetary Fund or the World Bank can stand on its feet unless adequate steps are taken at the same time to have freer trade in the world, to have proper markets for the staple products on which so many national economies depend, and to assure full production and employment and prevent the occurrence of severe depressions. In other words, whether it is possible to have successful monetary cooperation without setting up, at the same time, a comprehensive scheme that will cover the basic economic and financial ground on which monetary matters rest. And this is most important for we should not fail to take advantage of the present mood of public opinion, so much in favor of world cooperation, and at the same time we should not run the risk of bitter disappointment that may set back all attempts at achieving unity of action in the world for very many years to come.

Lord Keynes in his speech in the House of Lords on May 23, speaking on the subject of the Monetary Fund, is reported to have said the following:

"If the experts of the American and British Treasuries have pursued the monetary discussions with more ardor, with a clearer purpose and, I think, with more success so far than has yet proved possible with other associated matters need we restrain them? If, however, there is a general feeling, as I think that there is, that discussion on other matters be expedited, so that we may have a complete picture before us, I hope that your Lordships will enforce this conclusion in no uncertain terms. I myself have never supposed that in the final outcome the monetary proposals should stand by themselves."

And Secretary Morgenthau in his opening address after his election to the Chair of the United Nations Monetary and Financial Conference, spoke as follows:

"We are more likely to be successful in the work before us if we see it in perspective. Our agenda is concerned specifically with the monetary and investment field. It should be viewed, however, as part of a broader program of agreed action among nations to bring about the expansion of production, employment and trade contemplated in the Atlantic Charter and in Article VII of the mutual aid agreements concluded by the United States with many of the United Nations. Whatever we accomplish here must be supplemented and buttressed by other action having this end in view."

And further on, in the same address, he said the following:

"But provision for monetar stabilization alone will not mee the need for rehabilitation of war wrecked economies. It is not, i fact, designed toward that end. I is proposed, rather, as a perma nent mechanism to promote ex change stability. Even to dis charge this function effectively, must be supplemented by man other measures to remove impedi ments to world trade."

It seems sensible to cover th whole economic ground and n to leave some of the problems f later treatment. Measures shoul be taken in other fields that hav a bearing on the whole econom situation as mentioned by Lor Keynes and Secretary Morge thau in the quotations just give Mr. Harry D. White implied much in his opening address the first meeting of Commission of the Conference. At the prese Conference both the Monetar Plan and the Project of the Wor Bank can be thoroughly studie and revised with the greate possible care. That will be much of the work accomplishe But at this meeting it should b resolved that an Economic St bilization Commission or a Co ference on Commercial Policy organized at once to seek a sol tion to those other problems. Th Conference has shown how mu can be accomplished at the meetings and as some time w elapse before the different natio formally ratify the Internation Monetary Plan and the Wor Bank Project, a commission th started working now might ready with actual proposals time to allow of their being p into effect all at the same tim Many countries may delay rati cation of the Fund and of t Bank on the plea that they do n think the two plans cover t whole ground and that unless solution is also worked out f the other problems these two ca not be satisfactorily taken ca of, and these countries would ha no such excuse if they were co fronted with a comprehensi scheme taking everything i account.

NAM Study Shows Corporation Profits Low In Relation To Tremendously Increased Productio

American business is making money, but at a lower rate th it was before the war, it was shown on July 27 by Robert M. Ga lord, President of the National Association of Manufacturers. It pointed out by Mr. Gaylord that although the dollar volume of cor rate profits was considerably higher in 1943 than in 1939, last yea net earnings were low when considered in relation to the treme dously increased volume of production — $298,000,000,000 as against $131,000,000,000 in 1939. The rate of profit declined from 3.1 in 1939 to 2.8 in 1943. Production increased 127%, and profits 101%. "Profits are staying in line, even in wartime, when they don't go up as fast as output," said Mr. Gaylord, who is President of the Ingersoll Milling Machine Co. of Rockford, Ill.

The figures were made public in an analysis of the nation's wartime profits which was prepared by NAM's Research Division under the direction of John C. Gebhart. This study, which held a statistical mirror before the nation's expanded wartime economy, showed that while business is making money, its annual rate of profit was less than the average rate of peacetime years of 1936, 1937 and 1939.

The study, based primarily on Department of Commerce figures, revealed that the actual corporate profit figure in 1943 was $8,200,000,000 on a gross volume of $298,000,000,000.

With regard to the figures Mr. Gaylord said:

"These are big figures, but we could scarcely expect to see little ones when we consider the tremendous expansion that has taken place in the past three years. While the dollar volume of profits is big, it must be remembered that all of these profits were in cash, but that a high perce age is represented by invento and receivables, which are worth 100 cents on the dol Another large part of these called profits are tied up in e cess profits tax credits which be paid at some unknown fut date.

"When we consider these co tions, and the fact that industr earning lower profits on its w time sales than it did on pea time sales, which were set competition, then industry ha right to feel that it has not o done a good job in producing war, but that it has done that at a **fair** price."

The NAM analysis, which is companied by numerous table statistics, reveals the definite rigid limitations which have war profits in line with the tional conscience, and sets fo some highlights which cast furt light upon current concepts wartime business. In making p lic the results of the study NAM says:

"Dividend payments, for exa ple, have had no spectacular despite the increase in the amo of money corporations earned. general, total dividend payme were substantially lower in 1 and 1943 than they were in prewar years of 1936 and 193

"As a matter of fact, only about half of industry's earnings have been paid out in dividends. For the past three years business has been plowing back about 50 cents of every dollar it earned into working capital. These "retained earnings" are tied up in inventories and receivables which will have a doubtful value after the war. Certainly, they will not be worth their full book value, therefore while they are technically profits they are in part paper profits.

"Wages and salaries skyrocketed from $44,000,000,000 in 1939 to $102,000,000,000 in 1943, an increase of $58,000,000,000, or 131%. The profits increase was $4,000,000,000, or 101%. Wages and salaries, therefore, have run well ahead of the volume of goods produced, while profits have run behind.

"Income taxes were approximately twelve times those of 1939, although dollar profits before taxes were increased only about four times. American corporations have paid Federal taxes amounting to $33,000,000,000 in the past three years, a sum greater than all corporate income taxes from the Armistice of 1918 to Pearl Harbor in 1941.

"There are other factors implicit between the lines of the NAM study which reflect general business concern for actual short term working capital needed for the transition period of war to peace. This is evident in the statistical demarkation between profits as cash money and profits still on paper, or tied up in inventories.

"The analysis mirrors the changing conditions surrounding the entire subject of business profits to reveal a present-day lack of finality concerning it. In other words, business is, and has been making money, but it does not yet know exactly how much in the light of long-term limiting factors and taxes, or how much it will need to finance its share of a future geared, according to current economic estimates, for a national income of perhaps $150,000,000,000 and some 55,000,000 postwar jobs."

In his further comments Mr. Gaylord says:

"If we do have a national income of $150,000,000,000, it is going to require a lot of new investment in industry. Certainly, industry cannot support an economy of that size on the present capital. Neither can industry supply all of these 55,000,000 jobs. Manufacturers will supply about 25% of them, provided there is the necessary investment in manufacturing enterprises.

"This profit study should dispel once and for all the idea that the war has greatly enriched all industry. It does show, however, that industry, except for a few major cases of hardship, should come out of the war in a reasonably healthy condition, and with additional capital, should do its full share in creating postwar prosperity. Capital, of course, will not be invested in unsound enterprises, therefore our future economic well-being depends upon the soundness of business at the end of the war."

Tribute to Woodrow Wilson

On the motion of Josephus Daniels, who served as Secretary of the Navy under Woodrow Wilson, the Democratic Convention at Chicago adopted on July 20 a resolution of tribute to the 1912-20 President. Reporting this, the Associated Press said:

"Gov. Colgate W. Darden of Virginia seconded the resolution offered by the Raleigh publisher. Adopted by a unanimous voice vote, it said:

" 'Resolved, That this convention consecrates itself to the advancement of lasting peace,

" 'We pause to pay tribute to Woodrow Wilson.

" 'In his leadership of his party and the Republic he gave us the vision of world peace and tranquility.

" 'We highly resolve to complete the tragically unfinished task.

" 'We remember that he foretold the world tragedy of this global war, when his plan was rejected and denied.' "

Calendar Of New Security Flotations

OFFERINGS

IDAHO POWER CO. has filed a registration statement for 60,587 shares of 4% preferred stock, $100 par value. Underwriters are Blyth & Co., Inc., and Lazard Freres & Co., New York, 45% each, and Wegener & Daly, Inc., Boise, 10%. Company will offer to holders of its 32,130 shares of 7% and 28,457 shares of $6 preferred stock the opportunity to exchange their shares for new 4% preferred stock on a share for share basis together with $8 in cash and accrued dividends to Aug. 1, 1944. The exchange offer will be open from about July 1 to July 22. The new preferred stock will be cumulative from Aug. 1, 1944. Any shares of the 7% and $6 preferred stock not deposited for exchange will be redeemed on Aug. 1, 1944, at $110 per share plus accrued dividends to that date. The underwriters have agreed to purchase any of the 4% preferred shares not issued pursuant to the exchange offer. The price to the public will be $102 per share. Filed June 13. 1944. Details in "Chronicle," June 22, 1944.

Unexchanged 21,000 shares offered at $102 per share.

NATIONAL AUTOMOTIVE FIBRES, INC., has filed a registration statement for 86,310 shares of common stock (par $1). Proceeds will be used to increase working capital for war purposes, and to place company in a position to carry additional inventories and additional notes and accounts receivable for anticipated post-war business, particularly in the automotive field. Reynolds & Co., New York, is principal underwriter. Filed June 30, 1944. Details in "Chronicle," July 13, 1944.

Offered July 28 at $11.50 per share by Reynolds & Co., Schwabather & Co. and Laurence M. Marks & Co.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, AUG. 5

GRIESEDIECK WESTERN BREWERY CO. has filed a registration statement for 13,506 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing by the company. Price to the public is $33 per share. Edward D. Jones & Co., St. Louis, is named principal underwriter. Filed July 17, 1944. Details in "Chronicle," July 27, 1944.

MONDAY, AUG. 7

WALTER E. HELLER & CO. has filed a registration statement for 27,500 shares of 5½% cumulative preferred stock (par $100), with nondetachable common stock purchase warrants attached, and 55,000 shares of common stock (par $2). A maximum of 15,731 shares of 5½% cumulative preferred, with warrants, will be offered in exchange for the 7% cumulative preferred stock outstanding. Any of the 15,731 shares not accepted in exchange are to be included among the shares to be purchased by the underwriters. Offering price to the public is $104 a share. Each warrant will entitle the holder to purchase two shares of common stock at $15 per share on or before Sept. 30, 1947, and at $17.50 per share thereafter to Sept. 30, 1950, when the warrants expire. Net proceeds will be applied to the retirement by redemption or exchange of 62,927 shares of 7% cumulative preferred, par $25, at $26.50 per share. Balance of the net proceeds is to be used by the company for general working funds. F. Eberstadt & Co., New York, heads the group of underwriters. Filed July 19, 1944. Details in "Chronicle," July 27, 1944.

TUESDAY, AUG. 8

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

WEDNESDAY, AUG. 9

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

THURSDAY, AUG. 10

BIRMINGHAM ELECTRIC CO. has filed a registration statement for $10,000,000 first mortgage bonds, series due 1974. Interest rate will be supplied by post-effective amendment. Price to the public will be filed by post-effective amendment. Company is a subsidiary of National Power & Light Co. which is the sole owner of the 545,610 shares of its outstanding common stock. The net proceeds, together with such additional cash from its general funds as may be required, will be used for the redemption, at 101 and accrued interest, of all of the company's first and refunding mortgage gold bonds, 4½% series due 1968, outstanding in the principal amount of $10,000,000. The bonds will be offered by the company for competitive sale pursuant to the Commission's competitive bidding Rule U-50. The names of the underwriters will be filed by post-effective amendment. Filed July 22, 1944. Details in "Chronicle," July 27, 1944.

THE E. KAHN'S SONS CO. has filed a registration statement for 35,000 shares 5% cumulative preferred stock (par $50). Company intends to offer to the present holders of 7% cumulative preferred stock, par $100, the opportunity of exchanging such holdings for 5% cumulative preferred, par $50, on the basis of one share of the former for two and one-fifth shares of the latter, with adjustment in cash for accrued dividend. It is the intention of the company to call for redemption at the earliest call date all 7% cumulative preferred not exchanged at the call price of $110 per share and accrued dividends. Any unexchanged stock acquired by underwriters will be offered to the public at $50 per share. There are 10,397 shares of the $100 par preferred stock outstanding. Westheimer & Co., Cincinnati, Ohio, is named principal underwriter. Filed July 22, 1944. Details in "Chronicle," July 27, 1944.

SATURDAY, AUG. 12

ST. PAUL COURT APARTMENTS, INC. has filed a registration statement for $250,000 bonds or notes secured by a first mortgage deed of trust covering the apartment property known as St. Paul Court Apartments. The bonds or notes are being offered to the present holders of first mortgage certificates of Certificate Holders Corp. in exchange for such first mortgage certificates. The bonds or notes are being offered in an amount equal to the par amount of first mortgage certificates. Filed July 24, 1944. Details in "Chronicle," July 27, 1944.

DERBY GAS & ELECTRIC CORP. has filed a registration statement for an undetermined number of shares of common stock (no par).

Address—33 Pine Street, New York.

Business—Registered public utility holding company.

Underwriting—To be filed by amendment.

Offering—To be filed by amendment.

Proceeds—To be used in connection with the acquisition of the securities of the Danbury & Bethel Gas & Electric Light Co., a public utility company of the state of Connecticut, from Cities Service Power & Light Co.

Registration Statement No. 2-5433. Form S-1. (7-24-44).

MONDAY, AUG. 14

ATHEY TRUSS WHEEL CO. has filed a registration statement for 71,590 shares of common stock (par $4). The shares are issued and outstanding and do not represent new financing by the company.

Address—5631 West 65th Street, Chicago, Ill.

Business—Tractor-trailers, wheels, tools, etc.

Underwriting—Brailsford & Co., and C. O. Kalman, Paul R. Doels and Edwin White are considered to be the principal underwriters of the securities according to the prospectus.

Offering—Price to public will be supplied by amendment.

Proceeds—The proceeds go to the selling stockholders.

Registration Statement No. 2-5434. Form S-2. (7-27-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ARDEN FARMS CO. has registered 35,714 shares of $3 cumulative and participating preferred stock, without par value. Company has offered to holders of its preferred stock rights to subscribe for shares of the new preferred at the rate of one share for each 2½ shares held at $45 per share. Company proposes to sell to the public any shares not subscribed. Net proceeds will be used to improve the cash and working capital positions of the company and to the acquisition of additional plants. No underwriters named. Filed June 21, 1944. Details in "Chronicle," June 29, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

Registration statement withdrawn July 20, 1944.

BROOKLYN UNION GAS CO. has filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Company plans to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 debentures and the concurrent issuance and private sale of $30,000,000 general mortgage sinking fund bonds, 3¾% series, due Aug. 1 1969. The net proceeds of the sale of the new securities will be applied together with approximately $6,000,000 from the general funds of the company to the following purposes: payment at maturity May 1, 1945, of $14,000,000 first consolidated mortgage 5% bonds; to pay at maturity $6,000,000 first lien and refunding mortgage bonds series A, 6%, due May 1, 1947; $10,000,000 to redemption on Nov. 1, 1944, of $10,000,000 first lien and refunding mortgage bonds, series B, 5%, due May 1, 1957, and $18,000,000 to redemption on Sept. 9, 1944, of 20-year 5% debentures. The last two redemptions involve the payment of $300,000 and $360,000 in premiums, plus interest, respectively. F. S. Moseley & Co., Boston, is named principal underwriter. Filed June 29, 1944. Details in "Chronicle," July 13, 1944.

The New York P. S. Commission on July 27 informed company that the Commission will not approve the refunding plan in present form. Halsey Stuart & Co., Inc., offered to purchase the debentures at par and hold the debentures in escrow for competitive sale later in the year. The Commision, it is expected, will require competitive bidding for both issues.

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co. The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of $10,044,900 first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corp. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co. Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment. Filed July 1, 1944, Details in "Chronicle," July 6, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8. 1944.

FLEMING COMPANY, INC., has filed a registration statement for 2,500 shares of preferred stock, 5% cumulative ($100 par). Price to public $103 per share. Proceeds will be used to increase working capital through the reduction of bank loans. Beecroft, Cole & Co., Columbian Securities Corp. and Seltsam & Co., Inc., are underwriters. Filed June 3, 1944. Details in "Chronicle," June 8, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

MICROMATIC HONE CORP. has filed a registration statement for 75,000 shares 5% cumulative convertible preferred stock (par $10). The preferred is convertible into 75,000 shares of common stock (par $1). Proceeds will be available for general corporate purposes. Watling, Lerchen & Co., Detroit, is named principal underwriter. Filed July 10, 1944. Details in "Chronicle," July 20, 1944.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes, bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944. Details in "Chronicle." June 22. 1944.

MORRISON-KNUDSEN CO., INC., has filed a registration statement for $200,000 series K 5% preferred stock and $300,000 series L 6% preferred stock, both $100 par value. Securities will be offered by Morrison-Knudsen Co., Inc., at par. Any part of the issue not sold by company officials will be sold through Wegener & Daly, Inc., Boise, Idaho, as underwriters. Company in an amendment filed June 10 proposes to offer $100,000 4% series F demand certificates and $100,000 4% series Y certificates at $100. Proceeds for working capital. Details in "Chronicle," May 31. Filed May 23.

NORTHERN INDIANA PUBLIC SERVICE CO. has filed a registration statement for 220,078 shares of 5% cumulative preferred stock, par $100 per share. Company plans to issue the 220,078 shares of 5% preferred stock to effect the retirement by exchange or redemption of an equal number of shares of its 7%, 6% and 5½% preferred stock, the exchange to be on a share for share basis plus a cash payment to be filed by amendment. Filed May 17, 1944. Details in "Chronicle," April 27, 1944.

Exemption from competitive bidding rule denied by SEC in opinion issued May 5, 1944. Company on May 12 filed an amendment with the SEC proposing invitation of competitive bidding on the stock under rule U-50.

Proposals for exchange and purchase of the 5% preferred stock were received by the company up to 10 a.m. CWT July 10. Only one bid, made by Stone & Webster and Blodgett, Inc. and associates, was received, which the company rejected. The price named by the bankers was 101.

In amendment filed July 29 company proposes to exchange the new 5% preferred stock for (1) 69,858 shares 7% preferred on share for share basis, plus $13.533 in cash; (2) 124,505 shares 6% preferred on share for share basis plus $5.766 in cash; (3) 25,715 shares 5½% preferred on share for share basis, plus $3.133 in cash. Unexchanged shares through underwriters at not less than $102. First Boston Corp. may be underwriter.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

Revenue Freight Ton-Miles Up 8.5% In June

The volume of freight traffic handled by Class I railroads in June, 1944, exceeded the same month last year by 8.5%, the Association of American Railroads announced on July 21. Freight traffic, measured in ton-miles, amounted to approximately 63,000,000,000 ton-miles, according to preliminary estimates based on reports just received by the Association from Class I railroads.

Class I railroads in the first six months of 1944 performed approximately 5.7% more revenue ton-miles of service than in the same period of 1943, 27½% more than in the same period of 1942, and 154% more than in the first six months of 1939.

The following table summarizes ton-mile statistics for the first six months of 1944 and 1943 (000's omitted):

Period—	1944	1943	Inc.
1st 4 mos..	242,748,437	229,820,329	5.6%
1st 3 mos..	242,748,437	229,820,329	5.6%
Mo. of May..	*64,000,000	62,146,617	3.0
Mo. of June	†63,000,000	57,968,242	8.5
Total ___	369,748,437	349,935,188	5.7%

*Revised estimate. †Preliminary estimate.

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"Our Reporter On Governments"

JOHN T. CHIPPENDALE, JR.

Although the commercial banks have been given only very limited participations in both the Fourth and Fifth War Loan Drives, they nevertheless have been important in both of these drives in an indirect way. . . . It is indicated that the reporting member banks of the Federal Reserve System during the Fourth War Loan purchased, exclusive of bills, about $1,900,000,000 of outstanding Government obligations, consisting of $218,000,000 of certificates, $999,000,000 in notes and $683,000,000 in bonds. . . . A similar trend was shown during the Fifth War Loan when these banks bought aside from Treasury bills $3,065,000,000 of outstanding Government securities with certificates amounting to $1,862,000,000, notes aggregating $320,000,000 and bonds totalling $883,000,000. . . .

While total sales of Government obligations during the Fifth War Loan will probably exceed $21,000,000,000 compared with $17,300,000,000 raised in the Fourth War Loan, the question is raised whether larger loan drive totals do not mean larger purchases by the banks of outstanding Government securities. . . .

Individuals, as well as corporations and other institutions, have subscribed heavily to the securities offered in these drives, but they in turn have sold some of the outstanding issues in order to make these new purchases. . . . The principal buyers of the outstanding obligations have been the banks who have become more important in each drive, and this indirect financing of the War Loan effort by the commercial banks mean a corresponding increase in bank deposits. . . . While this indirect participation by the banks in the War Loans has thus far been held to modest proportions, the point of discussion is whether such a condition will continue to prevail in the future. . . .

A study of the purchases of outstanding Government obligations made during the last War Loan by member banks in the 12 Federal Reserve Districts shows that the banks in the New York and Chicago districts were the largest buyers of the certificates with the greater part of the notes and bonds being taken by institutions outside of these two areas. . . . The San Francisco and Atlanta banks, aside from those in the New York district, were the largest buyers of the notes, with the San Francisco institutions next to New York in the purchases of bonds. . . .

FIFTH WAR LOAN SALES

The Fifth War Loan gives every indication of exceeding a grand total of $21,000,000,000, and such a figure would make it the most successful drive so far undertaken by the Treasury. . . . While final results have not yet been announced, many estimates have been made, and one of them is as follows:

Certificates	$4,750,000,000
Notes	1,950,000,000
Tax Notes	2,400,000,000
Bonds	8,500,000,000
Savings Bonds	3,500,000,000

Whether the final figure be $21,000,000,000 or $22,000,000,000, as expected by some people in the financial district, it shows that a tremendous job has been done, and one the whole country can be proud of, since this very large amount of funds has been made available for the war effort without a corresponding increase in deposits and purchasing power, neither of which are needed at this time. . . . It likewise indicates that the Treasury will be in a comfortable cash position for some time to come, which may mean that the next "War Loan" or "Victory Loan," reported in some quarters to be scheduled to begin on Armistice Day and to end on Pearl Harbor Day, may not come until early 1945. . . .

PARTIAL EXEMPTS SENSITIVE

The partially exempt securities have just gone through another jittery period, although the latter part of last week they settled down with some strength appearing near the end of July, so that in the course of the past 10 days they have ended about unchanged. . . . Due to the substantial premium at which these obligations are selling and the decreasing supply the market is quite thin, and it does not take many bonds either way to have a pronounced effect upon the prices of these obligations. . . . The Ruml-Sonne tax plan, which was recently published and calls for the abolition of corporation income taxes, was reported to have been the principal unsettling factor in the market for partially exempt securities. . . . It is reported that several institutions that are substantially interested in these obligations are closely watching tax developments particularly, as they might effect these securities, since there appears to be considerable differences in opinion about future taxation. . . . Nevertheless, there seems to be agreement on one point, that there will be no reduction in taxes while the war is on. . . . It is indicated that there are at least two prominent schools of thought on future tax problems, namely, those that believe there should be an immediate lowering of all corporate taxes when hostilties cease, and those who contend that taxes should remain high with only a gradual reduction with the return of peace. . . . The latter group maintains that substantial sums can be collected by the Government with only minor tax reductions during the period of good business that should follow the war, and this money can be used to retire Government bonds and cut debt charges. . . . No changes are looked for in the normal rate at first, but a gradual lowering of the excess profits and surtaxes would take over a period of time. . . .

DIVERGENT TAX VIEWS, BILL OFFERINGS AND MARKET ACTION

These different ideas on future taxation are having an effect on the partially exempt obligations, but it is pointed out that until the war is won and we are on our way back to more normal conditions too much probably will not be known about the future tax structure. . . . With heavy debt charges and large Government expenditure indicated even after the war ends, a national budget of between $18,000,000,000 and $20,000,000,000 is forecast, which means taxes must remain high for a considerable period. . . . Accordingly, it has been reported that the interested groups that have been studying this problem of taxes have concluded that, pending further clarification of future tax matter, it is still advisable for institutions that need tax protection to continue to hold their partially exempt obligations. . . .

The recent announcement of invitations for tenders on $1,200,000,000 of Treasury discount bills to replace the $1,017,000,000 maturing August 3, brings to an end the 13 weeks' cycle of $1,200,000,000 offerings and with it interest as to whether the next weekly invitation for tenders will be raised to $1,500,000,000. . . . The last increase in the weekly bill offerings of $200,000,000, the largest ever made by the Treasury, took place early in May following 47 weeks in which the bill offerings amounted to about $1,000,000,000. If the Treasury is to raise new funds by means of the discount bills, as many contend, an increase in the weekly offering to approximately $1,500,000,000 is to be expected. . . .

The Government market in taxable issues was firm in the past week with continued out-of-town banking buying still being in evidence with most of the activity taking place in the 2% group with some buying taking place in the 1½% notes due Sept. 15, 1947, and the 1½% notes due Sep. 15, 1948. . . .

Fifth War Loan Oversubscribed — Yield $20,639,000,000

It was made known on Aug. 1 by Secretary of the Treasury Morgenthau that the Fifth War Loan Drive resulted in total subscriptions of $20,639,000,000. The goal was $16,000,000,000. The corporation quota of $10,000,000,000 was exceeded by $4,309,000,000 and the individual quota of $6,000,000,000 was exceeded by $330,000,000, said Washington advices Aug. 1 to the New York "Times" which added that according to preliminary figures, the E bond goal of $3,000,000,000 was exceeded slightly. In the same advices it was stated that Mr. Morgenthau hailed the final yield as an "unprecedented total" and a "remarkable achievement, possible because of the whole-hearted cooperation of all the American people" and "excellent news to send to our fighting men."

Sec. of the Treasury Morgenthau announced on July 7 that the subscription books for the four issues of marketable securities would close, and the Fifth War Loan Drive would terminate. at the close of business July 8. These issues are the 2½% Treasury Bonds of 1965-70, the 2% Treasury Bonds of 1952-54, the 1¼% Treasury Notes of Series B-1947 and the ⅞% Treasury Certificates of Indebtedness of Series C-1945. Sales of the three issues of savings bonds. Series E, F and G, and of Series C Savings Notes, would, he said at that time, continue. The Treasury announcement added:

"Subscriptions for the four issues of marketable securities which are placed in the mail up to midnight of July 8 will be treated as timely subscriptions. As previously announced, subscriptions for savings bonds and savings notes processed by the Federal Reserve Banks or the Treasury up to the close of business July 31 will be credited to the Drive."

Secretary Morgenthau announced on July 5 that the official Treasury Department circulars governing the current offering of 2½% Treasury Bonds of 1965-70 and 2% Treasury Bonds of 1952-54 have been amended to permit deferred payment for such bonds allotted to life insurance companies, to savings institutions, and to States, municipalities, political subdivisions and similar public corporatons, and agencies thereof. Payment in full on any such subscriptions must be completed on or before Sept. 30, 1944. The Treasury Department's announcement also said:

"The Secretary stated that the Treasury has received a number of requests for such an amendment. It has been pointed out that in the next few months there will be substantial accumulations in the way of premiums and deposits and payments to sinking and other funds. This provision affords an opportunity to arrange at this time for the investment of such anticipated funds."

Situations of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

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The Financial Situation

The Department of Commerce has recently estimated that straight-time wage and salary payments in nonagricultural industries in the United States during 1943 amounted to just short of $77.5 billion. According to the same source, **all** wage and salary payments in these industries totaled $89.5 billion. The difference, some $12 billion, or nearly 13.5% of the total, represented payment for overtime work. Of the latter somewhat over $4 billion represented overtime premium rates of pay.

Of this situation, the Department of Commerce has this to say:

"The fact that so substantial a proportion of workers' incomes during the war period resulted from overtime pay has important implications for the transition period which will follow the end of hostilities. It is apparent from the accompanying tables and charts that the reduction in income which will occur with the return to the normal workweek will eliminate the source from which a large volume of purchasing power is derived currently. This factor will be supplemented by another, operating in the same direction, namely, the transfer of workers out of relatively high wage occupations in the heavy industries to lower paid jobs in consumers' goods and services fields."

Unfortunate Analysis

This line of comment would doubtless seem exceedingly strange to many of us were similar analyses not now so common. But common or not, this sort of approach is wholly unsatisfying. Indeed it is distinctly unfortunate, since it can scarcely fail, whether intended or not, to give encouragement to labor leaders and not a few others who are even now urging that hourly wage rates be raised in this post-war

(Continued on page 516)

The Price Of Peace

By NORMAN THOMAS*

Presidential Aspirant Urges A Proclamation Of Peace Terms Appropriate To A Lasting Peace—Opposes Commitment To Any League Pledged To A Peace Of Vengeance And Of Imperial Power And Holds A Constructive Revolution Can Bring Hope To Germany And Europe As A Primitive Peace Cannot—Lays War To Versailles Treaty And Capitalists From Europe And America

Norman Thomas

There isn't a decent American who doesn't want the earliest possible peace that will last. We want no single American boy to die to satisfy some lust of pomp and pride or thirst for vengeance. Every American father or mother will think "that boy whose life was thrown away might have been mine." Not one of us can look in the movies at the devastation which war, even for liberation, inevitably has brought to towns of Italy and of France and want to add to Europe's sorrow and bitterness by the unnecessary destruction of one least hamlet. In our hearts we know how infinitely desirable it would be if the intrigue among high German officials and the break in German solidarity at the top should be followed by a constructive revolution of the masses of the German people, soldiers, workers and farmers, who have already paid so terrible a price for Hitler's dream of conquest and of power. But despite all this neither President Roosevelt nor any of the Allied leaders has said one word that might shorten the war by giving the German people a little hope of a decent peace. And newspapers and individuals who have usurped the name "liberal" have denounced the demand for decent peace terms and even the request for something better than unconditional surrender, as if it were a form of treason. Rather theirs is the treason to the men who will die in vain and to the

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*A speech given by Norman Thomas, Socialist candidate for President, at Oberlin Town Hall, Oberlin, Ohio, July 30, 1944.

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Bretton Woods Conference Achieved A "Bulk Of Lucid, Solid Construction" Says Lord Keynes

Lord Keynes, Chairman of the British delegation and Chairman of Commission II, which drew up the plan for the International Bank of Reconstruction and Development for the Conference, in moving the adoption of the final act at the closing plenary session of the Conference on Saturday evening, July 22, made the following address:

"I feel it a signal honor that I am asked to move the acceptance of the Final Act at this memorable Conference.

Lord Keynes

"We, the Delegates of this Conference, Mr. President, have been trying to accomplish something very difficult to accomplish. We have not been trying, each one to please himself, and to find the solution most acceptable in our own particular situation. That would have been easy. It has been our task to find a common measure, a common standard, a common rule applicable to each and not irksome to any. We have been operating, moreover, in a field of great intellectual and technical difficulty. We have had to perform at one and the same time the tasks appropriate to the economist, to the financier, to the politician, to the journalist, to the propagandist, to the lawyer, to the statesman—even, I think, to the prophet and to the soothsayer. Nor has the magic of the microphone been able, silently and swiftly perambulent at the hands of our attendant sprites, the faithful Scouts, Puck coming to the aid of Bottom, to undo all the mischief first wrought in the Tower of Babel.

"And I make bold to say, Mr. President, that under your wise and kindly guidance we have been successful. International conferences have not a good record. I am certain that no similar conference within memory has achieved such a bulk of lucid, solid construction. We owe this not least to the indomitable will and energy, always governed by good temper and humor, of Harry White. But this has been as far removed as can be imagined from a one-man or two-man or three-man conference. It has been teamwork, teamwork such as I have seldom experienced. And for my own part, I should like to pay a particular tribute to our lawyers. All the more so because I have to confess that, generally speaking, I do not like lawyers. I have been known to complain that, to judge from results in this lawyer-ridden land, the Mayflower, when she sailed from Plymouth, must have been entirely filled with lawyers. When I first visited Mr. Morgenthau in Washington some three years ago accompanied only by my secretary, the boys in your Treasury curiously inquired of him—where is your lawyer? When it was explained that I had none—"Who then does your thinking for you?" was the rejoinder. That is not my idea of a lawyer. I want him to tell me how to do what I think sensible, and, above all, to devise means by which it will be lawful for me to go on being sensible in unforeseen conditions some years hence. Too often lawyers busy themselves to make commonsense illegal. Too often lawyers are men who turn poetry into prose and prose into jargon. Not so our lawyers here in Bretton Woods. On the contrary they have turned our jargon into prose and our prose into poetry. And only too often they have had to do our thinking for us. We owe a great debt of gratitude to Dean Acheson, Oscar Cox, Luxford, Brenner, Collado, Arnold, Chang, Broches and our own Beckett of the British Delegation. I have only one complaint against them which I ventured to voice yesterday in Commission II. I wish that they had not covered so large a part of our birth certificate with such very detailed provisions for our burial service, hymns and lessons and all.

"Mr. President, we have reached this evening a decisive point. But it is only a beginning. We have to go out from here as missionaries, inspired by zeal and faith. We have sold all this to ourselves. But the world at large still needs to be persuaded.

"I am greatly encouraged, I confess, by the critical, sceptical and even carping spirit in which our proceedings have been

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From Washington Ahead Of The News

By CARLISLE BARGERON

Governor Dewey's jaunt out to St. Louis is looked upon here in Washington as something historic and at the same time, something fraught with political dynamite.

In the first instance, it symbolizes the independence that our State Governors have been acquiring. That's all to the good. It has been all too long since these Governors recognized their proper estate. With the exception of a few States, the Governors have, even before the New Deal, looked upon their jobs as a stepping stone to the Senate. An exception was the former Governor Ritchie of Maryland, who often said he would not consider giving up presiding over the great State of Maryland except for the Presidency. Your New York governors have always assumed they were pretty big shots and in direct line for the Presidency.

Carlisle Bargeron

But aside from a few States, the ambitious men who became governors had no higher ambitions than to get to the Senate. This reflected, on their part, an acceptance that they were merely flunkies and that the National Government was the thing. Some of these fellows, many of them, only get $5,000 a year and a house to live in and some of them not even this latter.

Whether their attitude had to do with the centralization which we have undergone, or whether they were simply victims of the trend, is not for this writer to say. Suffice to say is that in recent years the Governors have come to mean little or nothing, except in one or two States.

We are inclined to think they had a lot to do with it because a Governor of backbone, who insisted upon handling the problems within his State, could have served a useful purpose and also attracted national attention.

Mr. Roosevelt, when he came into power, with his knowledge of human nature, fully realized this set-up. He fully realized that the great majority of our Governors were looking forward to running for the Senate. He swept over and engulfed these State am-

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What Nonsense Is This?

"I would appropriate for the first year immediately after the end of the war, a 20 days' cost of the war. I would double that for the second year. I am speaking of the cost of Federal, State and municipal public works programs, a five-year program of at least $40,000,000,000. If we don't do that, I predict we will spend more in the long run and get less out of it, just as we did with the WPA. If funds are provided in time, the country will get full value.

"Just as soon as the war blows up in Germany, which I hope will be real quick, the city is ready to go ahead with its post-war plans. But no city in the United States, including my own, is able to fully and completely finance a post-war public works program without Federal aid."—Mayor La Guardia of New York City.

"Unless a depression is seen coming or some other national need arises reasonably requiring Federal grants, I do not believe that municipalities should look primarily to the Federal Government for the financing of local public works. In the absence of special or other compelling circumstances, State and local governments should not advance public works programs beyond their own ability to finance them. This is no argument against Federal funds for certain types of highways, port developments and for other projects toward which the Federal Government has been contributing from earliest times."—Edgar J. Nathan, Jr., President of the Borough of Manhattan.

It is to be hoped that the Congressional Committee to whom these gentlemen expressed these views last week will be inclined to scrutinize such doctrines with care. How, except by monetary tricks, can the people through the central government do what is beyond them otherwise? And anyhow, what reason is there to suppose welfare is promoted by outrageous profligacy.

Howard E. Blood Sees "Boom" In So. America—Foreign Commerce Board Advocated

A real estate and building "boom" of such proportions "it is reminiscent of the Florida land boom" is now in progress in most large cities of South America and is enhancing the demand for many products which will not be obtainable in quantity until after the war, Howard E. Blood, President of the Norge Division of Borg-Warner Corp., declared at Detroit, Mich., on July 27, following his return from a 17,000 mile business survey trip to the major cities of the southern continent.

Emphasizing that United States businessmen can look forward to a multitude of opportunities in South America after the war, Mr. Blood cited this real estate development as one phase of a "vast" industrial expansion which all countries of that continent are experiencing. The land "boom" is particularly notable in Sao Paulo and Rio de Janeiro in Brazil, he said.

Furthermore, Mr. Blood continued, there has developed in the last several years a "strong spirit of nationalism" in these countries with virtually everyone in government and business of the realization that the general living standard scale must be raised if improvements are to continue.

"Efforts in this direction in the last several years have resulted in general salary increases in most countries, with wages in Buenos Aires up 56.3% from January, 1937, the base year." While these gains are partially attributable to a war-borne price inflation, "it appears that purchasing power has increased considerably," Mr. Blood stated.

North American technical skill will be especially helpful in "streamlining" manufacturing operations of the many small firms which have sprung up during the war, most of which are operating under great difficulties, he continued.

Although products of these newer companies represent competition with existing United States trademarks in South America, it is historically true, he declared, that as a country industrializes, the overall market for North American goods increases with benefit to all.

To indicate further the prospects for increased industrialization, Mr. Blood cited the anticipated widened use of the airplane post-war, a vehicle of transport and communication which has been instrumental largely in development of hitherto inaccessible areas.

Mr. Blood said that the United States Government, according to its citizen businessmen living in South America, must take at least three steps if healthy trade relations between the two continents are to be fostered in the post-war period. These would be:

1. Move to prevent arbitrary expropriation of United States-owned private property;

2. Obtain assurances that United States investors would be protected from exorbitant taxation on their share returns, and

3. Remove the United States Department of State from close association with affairs of business and set up a foreign commerce board, similar to the British Board of Trade perhaps, to coordinate trade activities.

Chase Invites Tenders On New So. Wales 5% Bonds

The Chase National Bank of the City of New York, as successor fiscal agent of external 30-year 5% sinking fund gold bonds, due Feb. 1, 1957 of State of New South Wales Australia, is inviting tenders for sale to it at prices not exceeding their principal amount and accrued interest of an amount of these bonds sufficient to exhaust the sum of $247,569.15. Tenders will be received at the Corporate Trust Department of the bank, 11 Broad Street, New York 15, and will be opened at 12 Noon on Aug. 8, 1944.

Lend-Lease Shipments In May Reached Record Of $1,159,000,000

Leo T. Crowley, Foreign Economic Administrator, reported on July 25 that all types of Lend-Lease shipments from the United States in the pre-invasion month of May reached the record value of $1,159,000,000. Of the total, said the Associated Press, $559,000,000 was shipped to the United Kingdom, $100,000,000 more than in any previous month. Shipments to Russia totaled $316,000,000, to the Mediterranean area, $110,000,000; to China, India, Australia and New Zealand, $130,000,000, and to all other areas, $44,000,000, including $4,000,000 to the other American Republics. The advices added:

"The May shipments brought the cumulative total of Lend-Lease exports since Mar. 11, 1941, to $20,525,000,000, of which $4,785,000,000 was exported during the first five months of this year."

The Associated Press accounts from Washington July 25, also stated:

"The War Food Administration reported today that June deliveries of agricultural products for Lend-Lease and other war purposes aggregated 806,942,749 pounds, a drop of 24% from May deliveries. The dollar value of the deliveries was not stated.

"June Lend-Lease deliveries at shipside amounted to 658,116,418 pounds, compared with 857,870,924 pounds in May. They were divided: British Empire, 58%; Russia, 32%; Greece, North and West Africa and the French Committee of Liberation, 10%.

The June deliveries brought total Lend-Lease agricultural deliveries for the year to 4,071,242,117 pounds.

"In a separate report, the Foreign Economic Administration said almost a half a billion pounds of food valued at $47,911,000 were received by American troops in the South and Southwestern Pacific from the government of New Zealand as reverse Lend-Lease up to May 31.

"Of the total of 456,939,150 pounds of food supplied, 63,380,000 pounds were veal and beef, 31,910,000 were lamb and mutton, 18,270,000 were pork, 28,380,000 were bacon and ham, 42,000,820 were canned meat, and the rest included butter, cheese, milk and cream, miscellaneous dairy products, fresh vegetables, canned vegetables, apples and sugar."

Maintenance Of Union Membership For UP Ordered By NWLB

According to the New York "Times" of July 28, the United Press announced on the previous day that it had received a directive from the Daily Newspaper Printing and Publishing Commission of the National War Labor Board in Chicago instructing it to institute maintenance of union membership among its editorial employes in the United States. The "Times," added:

"The order followed a hearing before the Commission in Chicago at which the news service unsuccessfully defended its opposition to 'any and all forms of editorial employes.' The UP has 14 days in which to petition the Board for a review.

"Accompanying the directive was a dissenting opinion written by Frank R. Ahlgren, editor of The Memphis 'Commercial Appeal,' who was the industry member on the Commission hearing the case. The majority report was made by F. S. Deibler, public member and Vice Chairman of the Commission, and Sam Eubanks, Labor Member and Executive Vice President of the American Newspaper Guild.

The State Of Trade

The Federal Reserve System recently took an opposite stand to that of the SEC in its opinion that American industry has ample working capital to soften the shock of conversion to peacetime pursuits. The analysis of the SEC was covered in a previous issue of the "Chronicle." A like reaction was felt by the NAM through its President, Robert M. Gaylord, who made public a detailed analysis of corporate profits, designed as Mr. Gaylord put it to "dispel once and for all the idea that the war has greatly enriched all industry." He added, that "while business is making money," profits in the war years have fallen below "average rates" of the peacetime years of 1936, 1937 and 1939. Discussing corporation profits, he said, these profits dropped from 3.1 in 1939 to 2.8 last year, while production volume jumped from $131,000,000,000 to $298,000,000,000. The NAM study was based primarily on Commerce Department figures, it was said, and gave corporation gross receipts in 1939 as $130,972,000,000 and net income after taxes as $4,088,000,000. The comparable figures for 1943 were $298,000,000,000 and $8,200,000,000.

Weekly Summary of Trade and Industry—Retribution set in in a big way for the German forces the past week making their positions on the Russian and western fronts wholly untenable. The German line of defense extending from the Baltic to the Carpathians on the Russian front was thrown back in such haste that the withdrawal took on more of the nature of a complete rout. In Normandy American spearheads early in the week effected a breakthrough in the German wall west of St. Lo paving the way for future successes which up to Tuesday of the current week placed American armored forces in a position where they have entered Brittany and have struck eastward toward Paris from their salient on the lower Normandy Coast. United States forces drove 10 miles southeast of Avranches on the See River, capturing the large transport center of Brecey in a drive that threatens to turn the whole German line in France. News from Italy told of British troops fighting five miles from Florence with the Germans admitting the evacuation of Pisa. In the Pacific area American forces landed on Sansapor on North Dutch New Guinea, cutting the distance to the Philippines down to 600 miles. Immediate construction of an airport was undertaken. The past week saw diplomatic pressure applied against Argentina because of reputed pro-Axis leanings and activities of the Argentine Government. The State Department issued a White Paper which explained this country's refusal to extend recognition to the military regime of President Farrell. The week's news contained one other item worthy of mention and that was the announcement last week that the Office of the Rubber Director would come to an end effective Sept. 1, next. Rubber Director Bradley Dewey announced that the agency's job of supervising the building of the synthetic rubber industry was accomplished and that the bureau would dissolve itself.

Military developments of recent weeks have induced stock market investors to exercise greater caution making for rather dull and irregular markets. Some expansion was noted in trade loans, and bank clearings for the week were more than 20% above the volume for the corresponding period of 1943. On Tuesday of this week the Federal Reserve Board reported that total consumer credit outstanding on June 30, totaled $4,952,000,000, an increase of nearly $55,000,000 since May 31. Single payment and instalment loans accounted for most of the increase, while automotive sale credit also rose slgihtly. Charge account indebtedness declined about 1% during June and at the end of the month the amount outstanding was 2% higher than on June 30, 1943.

As for industry, steel output of ingots and castings rose 1% over the previous week with electric kilowatt production higher by 4.4% more than one year ago. Residual fuel oil the past week increased by almost 1,000,000 barrels and was the highest since the first of the year. However, domestic and foreign crude petroleum decreased by 1,219,000 barrels for the week and brought stocks to the lowest level in many years. Paper production increased by 0.2% over last week and paperboard by 3% over the same week. A decline occurred in freight carloadings of 1,770 cars or 0.2% below the week preceding, while anthracite coal output fell off by 3.5% from the previous period and by 8.3% over a year ago. Bituminous coal also receded for the same period. Retail trade fared well last week as department store sales advanced 11% ahead of last year for the country as a whole and by 16% for sales volume here in New York.

Trade Loans — Expansion in trade loans, according to the New York "Sun," has already set in. Reports to that paper from commercial paper dealers on Friday, last, stated that for the first time in six months, new issues of paper were exceeding maturities and that June 3 apparently would be the low point for volume. On that date only $136,500,000 was outstanding compared with $150,700,000 on May 31 and $143,300,000 on June 30, 1943. The seasonal bottom last year also was reached in June, but the subsequent expansion was only $52,000,000 between July 1 and Dec. 31. From the same source it is reported that the increase in volume now experienced is produced by borrowings by a wide variety of trades, notably flour millers, grain dealers, seed merchants and cottonseed oil dealers. There is also a considerable volume of grocery trade paper in the market, much of which seems to have its base in whiskey purchases. Some grocery wholesalers would have paid off their commercial paper this season had it not been for the purchase of liquor at higher prices.

War Bonds — The long anticipated plan in Washington dealing with the cashing of war bonds was announced by Henry Morgenthau Jr., Secretary of the Treasury. The plan will permit holders to receive proceeds immediately and will, it is understood, be put into effect within 60 days. The new mechanism for redeeming war bonds is expected to ease the job of handling bonds that are cashed before maturity. Redemption of bonds is expected to increase as the quantity of bonds outstanding in the hands of the public grows and will help also to handle the payment of matured bonds. The first savings bonds mature in 1945. Under the plan, banks will be reimbursed for handling bond redemptions, but a scale of fees has not yet been worked out, it was stated.

In connection with the opening of the Sixth War Loan Drive, the Secretary said the date of the start of the next drive would depend on the rate of Federal expenditures between now and November. Under the new bond redemption plan, the obligation will be cashed at any commercial bank on presentation and proof of identity, at their full purchase price plus any interest due.

Steel Production — The American Iron and Steel Institute announced last Monday that the op

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Bradley Dewey Resigns As Rubber Director—First War Agency To Liquidate Its Own Bureau

In tendering his resignation as Rubber Director, Bradley Dewey has recommended that the Office of Rubber Director be abolished, and that priority powers incident to the allocation of rubber goods, and such regulation as may be needed, be given to a rubber division within the War Production Board. Mr. Dewey in submitting his resignation to the WPB and to James F. Byrnes, Director of the Office of War Mobilization, indicated in his resignation that the emergency incident to the existence of the Office of Rubber Director no longer exists. Mr. Byrnes accepted the resignation with the comment that Mr. Dewey had made "a wonderful contribution to the war effort." WPB has agreed to carry out Mr. Dewey's organizational program, said the Associated Press, whose advices from Washington July 26 said in part:

"The first war agency head to liquidate his own bureau, Rubber Director Bradley Dewey declared today that this country's new $750,000,000 synthetic rubber industry will survive into the peacetime era.

"Mr. Dewey, who yesterday announced his own resignation and the dissolution of his office on or before Sept. 1, said the industry now was producing at the full rate recommended by the Baruch Committee nearly two years ago—about 836,000 tons a year. This is some 250,000 tons more than the country's consumption of natural rubber before the war.

" 'I cannot see any capitalist planting rubber trees and waiting seven years for them to grow,' said Dewey, '—against a future of unknown labor costs—in competition with chemists who have won every battle they ever entered between synthetics and nature.'

"For a period after the war synthetic rubber probably will be one or two cents cheaper than crude rubber, he said, and thereafter may run a few cents higher than the natural product. In any case, he observed, it will act as a governor on natural rubber prices at a time when consumption will be increased enormously by the building of motor roads in many now inaccessible parts of the world.

"Mr. Dewey expressed grave concern over the labor shortage in the rubber industry, and declared the present critical shortage of heavy duty truck and bus tires would continue to threaten essential civilian and even some military activity unless the manpower were found.

"Mr. Dewey's sixth and final progress report on the rubber program disclosed the agency is turning back 35% of its funds to the Treasury for the current fiscal year. Besides meeting military needs and producing an estimated 22,000,000 passenger car tires this year, Dewey said, a stockpile of 104,000 tons of synthetics has been built up."

Mr. Dewey plans to return to the presidency of Dewey & Almy Chemical Company of Cambridge, Mass.

In tendering his resignation, Mr. Dewey, according to Washington advices July 25 to the New York "Times" by Charles E. Egan, said:

"I feel that there is no reason to maintain further the broad powers that were given to the Rubber Director only because they were essential to the meeting of an emergency which now no longer exists.

"Consequently I am recommending that the Office of Rubber Director be abolished and that priority powers incident to the allocation of rubber goods and such regulation as the rubber goods manufacturing industry may need as well as the determination of the industry's needs for products which are in short supply, be given to a rubber division within the WPB.

"This rubber division might well report to the Chairman of the Executive Vice-Chairman and be organized similarly and operated in the same general way as the Steel and Aluminum Division of the War Production Board. Once the War Production Board has determined the essentiality of a program, its production executive committee, which includes representatives of the armed forces, is the ideal body to insist that adequate manpower be provided."

In the New York "Times" of July 26 it was also stated:

"In a statement issued from his Long Island home last night, Mr. Baruch said that W. M. Jeffers, first Rubber Director, and Colonel Dewey had carried their part of the rubber program to success.

" 'They are the rare combination which is found in America and makes it "tick," ' he stated. ' "Well done," we can all say, and "thanks." '

Asked his opinion of the probable position of the synthetic rubber industry in the post-war world, Colonel Dewey said that he believed it would stand on its own feet and would not need a tariff to protect it from competition from natural rubbers.

"More efficient plants are producing synthetic rubber at about 12 cents a pound, not including cost of plant and depreciation or profit," he declared. "This means it will sell at about 14 to 16 cents a pound in the world markets. . . .

He predicted a far broader market for rubber, both synthetic and natural, than in pre-war days.

Vatican Denies Pope Congratulated Hitler

In a special cablegram from Rome July 21, to the New York "Times," it was stated that the attempt to assassinate Adolf Hitler was naturally the chief topic of conversation and speculation in Rome and the Vatican City that day, and it gave rise to a report that the Pucci agency in Vatican City put out to the effect that the Pope "is presumed to have sent a telegram to Hitler expressing pleasure at Hitler's escaping death." The advices to the "Times" went on to say.

This started a sensation of its own, but this evening a Vatican authority who ought to know about such things denied the report in strong terms.

"It is true," said this authority, "that to base oneself on questions of pure diplomatic form and protocol the Pontiff, as head of a neutral State, could send such a telegram to the head of another State with which there are normal diplomatic relations, but protocol is one thing and practice is another.

"When Hitler escaped death in the Buergerbrau Hall explosion in 1939 no telegram of any sort was sent to him by Pius. When Hitler came to Rome to see Mussolini it would have been protocol for the Fuehrer to see the Pope, but he did not. In this case protocol has also been overlooked."

Oscar Schlaikjer Named Vice-President Of Federal Reserve Bank of Boston

Oscar A. Schlaikjer has been appointed Vice-President and General Counsel of the Federal Reserve Bank of Boston, bank officials announced on July 17, said the Boston "Herald," which added that coincident with announcing the promotion of Mr. Schlaikjer from counsel to the new position, the bank also reported the advance of Ansgar R. Berge from Assistant Secretary to Secretary.

Argentina Recalls Ambassador To U. S.

The recall by the Argentine Government of its Ambassador to Washington, Adrian Escobar, was made known in Associated Press accounts from Buenos Aires on July 25, which stated that according to a communique the decision was taken "in view of statements regarding Argentina's position attributed to the U. S. Secretary of State in dispatches from Washington." The Buenos Aires Associated Press added:

The announcement said that such statements, if confirmed, "would constitute expressions which the Government and the people of Argentina could not accept without impairment of their dignity."

Although the communique failed to specify the statements attributed to Secretary Hill, it apparently referred to dispatches from Washington which said Mr. Hull disclosed yesterday that the State Department had sent a report to all Latin American nations setting forth Washington's views on Argentina.

At a press conference yesterday, the dispatches added, Mr. Hull said the United States was making known the basic policies which separate the attitude of American nations supporting the Allied cause and of the attitude of the American nation supporting another cause.

The dispatches were approved for publication by Argentine authorities early today, about nine hours after their receipt here.

The recall of Mr. Escobar came several weeks after U. S. Ambassador Norman Armour and British Ambassador Sir David V. Kelly had been called home by their respective governments for consultations. Most Latin American Ambassadors to Buenos Aires left Argentina about the same time and have not returned.

The text of the communique:

"In view of the statements regarding Argentina's position attributed to the U. S. Secretary of State in dispatches from Washington, and considering that such statements, if confirmed, would constitute expressions which the Government and the people of Argentina could not accept without impairment of their dignity, the Foreign Office has resolved as the first step to recall the Ambassador to the United States, Dr. Adrian C. Escobar.

"The Minister of Foreign Relations will issue July 26 a full statement on our international policy, especially in connection with the aforementioned facts."

Under date of June 27 it was announced at Washington by the State Department that Ambassador Norman Armour had been ordered home from Argentina "for consultation." Associated Press advices from Washington at that time said:

A Department official said it should be considered only logical that Ambassador Armour would be recalled at this time when the whole course of Argentine relations is under discussion with other American governments.

Nonetheless, Ambassador Armour's recall was regarded here as a deterioration of United States-Argentina diplomacy. The United States has not recognized the Argentine regime since General Edelmiro Farrell seized power at the head of a militarist junta on Feb. 25.

A few days later, July 2, London United Press accounts stated:

Sir David Kelly, British Ambassador to Argentina, has been recalled to London "for consultation" with his Government, authoritative sources said today. Ambassador Kelly is expected to leave Buenos Aires as soon as transportation can be arranged, these sources said.

Industrial Activity Continued To Decline In June, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System in its summary of general business and financial conditions in the United States, based upon statistics for June and the first half of July, stated on July 26 that "employment and production at factories continued to decline slightly in June; output of minerals was maintained in record volume." "Retail trade and commodity prices showed little change in June and the early part of July," said the Board, which in its advices also stated:

Industrial Production

"The Board's seasonally adjusted index of industrial production was 235% of the 1935-39 average in June as compared with 237 in May and 243 in the first quarter.

"Steel production declined 4% from the rate in May, reflecting partly manpower shortages. Output of non-ferrous metals dropped 8%, largely owing to the continued planned curtailment of aluminum and magnesium production. The lifting on July 15 of some of the restrictions on the use of these meaals was the intial step in a program to prepare for limited reconversion to peacetime output. Activity in the machinery and transportation equipment industries in June was maintained at the level of the preceding month. Increasing emphasis was reported on output of heavy artillery and artillery shells and of tanks. Lumber production continued to decline and was approximately 10% below June, 1943.

"Production of nondurable goods was maintained in June. Meatpacking activity declined further from the exceptionally high level in the first quarter, but output of most other food products continued to rise seasonally. Refinery output of gasoline advanced further and reached the earlier record level of December, 1941. Activity in cotton textile mills and in the chemical and rubber industries showed little change in June.

"Mine production of metals and coal was maintained in large volume and crude petroleum production continued to rise to new record levels.

Distribution

"Department store sales declined more than seasonally in June, following a considerable increase in May, and the Board's index was 175% of the 1935-39 average as compared with 183 in May and an average of 177 in the first four months of this year. Value of sales in the first half of 1944 was 7% greater than in the first half of 1943. In the early part of July sales were 9% larger than a year ago.

"Railroad freight carloadings showed little change in June and the first three weeks of July after allowance for seasonal movements.

Commodity Prices

"Legislation extending Federal price controls for one year was enacted June 30; certain restrictive provisions were relaxed, especially those relating to prices of cotton products. Prices of most commodities in wholesale and retail markets have recently shown little change.

Agriculture

"Well over a billion bushels of wheat and almost 3 billion bushels of corn were in prospect on July 1. This is an improvement over June 1 prospects and aggregate crop production in 1944 may be about the same as in 1943 and larger than any year prior to 1942.

"The number of chickens raised this year was 19% smaller than last year; the spring pig crop was 24% smaller and the fall crop may be a third smaller than in 1943. Marketings of cattle, however, have been normal in relationship to the numbers and unless marketings are increased during the rest of this year no material reduction of the large numbers of cattle on farms will occur.

Bank Credit

"As payments for securities purchased during the Fifth Drive transferred funds from private deposits to reserve-exempt Government accounts, the average level of required reserves at all member banks declined by close to 1¼ billion dollars. Reserve balances were reduced by about $800,000,000 and excess reserves rose by around $400,000,000. Reserve funds were absorbed through declines in Reserve Bank holdings of Government securities, by a moderate increase in currency, and by temporary increases in Treasury deposits at the Reserve Banks. Over the four weeks ending July 12, money in circulation rose by $230,000,000, which is a smaller rate of growth than prevailed in recent months, reflecting the influence of the War Loan drive.

"During the Fifth Drive, between June 14 and July 12, Government security holdings at reporting member banks in 101 leading cities increased by $4,700,000,000. Additions to bank holdings resulted from purchases of securities from investors who were adjusting their positions prior to subscription during the drive, from increased purchases of Treasury bills, and from subscriptions to new securities in limited amounts.

"Loans for purchasing and carrying Government securities increased by $1,800,000,000 over the Fifth War Loan, an increase larger than that of any other drive. Of the total amount advanced by banks in 101 cities, loans to brokers and dealers accounted for $500,000,000 and loans to others for $1,300,000,000.

"Accompanying purchases of securities during the Fifth Drive, adjusted demand deposits declined by $4,700,000,000 at banks in 101 cities. Government deposits at these same banks increased by $10,500,000,000. The difference reflected the effect of the increase in bank loans and investments."

Prospective Buyers Of Farms Urged To Be Cautious

The Department of Agriculture, concerned over a new land boom, urged on July 27 caution by prospective purchasers to an Associated Press dispatch from Washington, which also said:

Would-be buyers of farms were told they would realize that the present period of favorable prices and ready markets for agricultural products—prime factors in the land market—may be drawing to a close.

In many areas, the report said, farm values have advanced far beyond averages likely to be maintained if prices of farm commodities return to pre-war levels.

Secretary of Agriculture Wickard has warned several times that the present situation corresponds in many ways to the runaway land market of World War I, which was followed by a collapse in land values and ruin for many who had bought at inflated prices.

Farmland sales during the 12 months ended in March rose up 20% from the previous year to a record, while values for the country as a whole increased 3% between March and July this year. They now stand at 42% above the 1935-39 average.

The Financial Situation

(Continued from first page)

period in amounts sufficient to make the actual weekly pay of the worker, working on the "normal" 40-hour week or an even shorter week in a number of instances, fully equal to what it has been during the war.

At any rate, the situation to which the Department of Commerce refers does have a good many implications for the post-war world which are not even hinted at in the Department's own study, and since this whole question of wages and working hours is subject perhaps to as much popular misunderstanding as most others it may be well to scrutinize the facts with some care. In the first place, what is this "overtime" for which such large payments were made last year? Work over 50, 60, 70 hours a week? Not at all. The work week in all manufacturing during the year was actually just short of 45 hours long. A 48-hour week was the exception rather than the rule. Under the law, or laws, and according to now almost universally accepted custom, the "normal" work week has come to be considered 40 hours long, and overtime must be paid for work in excess of that number of hours.

40-Hour Week

Probably a good many have even come to suppose that there is something heaven-ordained about a work week of that length. The fact is that when World War I broke out in 1914, the work week in American industry averaged well upward of 50 hours, and in some branches the week was a good deal longer than that. Even as late as 1929 the 40-hour week was virtually unknown in American industry. The average was probably over 48 hours. Indeed the idea of a 40-hour week was adopted in this country as a part of the New Deal program as a means of "spreading" work (and on the part of some of those suporting it as an indirect means of raising wages) not on the basis of any theory that a work week longer than that was in any way deleterious to the workman or unreasonable or unfair to him.

Only truly remarkable technological progress made it possible for the 40-hour week to continue prior to the war without a very substantial rise in prices. During the war the taxpayers have borne the bulk of the cost of the 40-hour week. It may be that we shall be able to continue after the war with this 40-hour a week business without very serious penalties, but if so very great strides in productivity must be made without delay. We may enjoy the relative leisure which the shorter work week gives, or we may have the more abundant goods which a longer week would provide. We must make our choice. We must not imagine that we can have both.

Uneven Incidence

But there are other aspects of this war overtime situation which should not be overlooked. For one thing it has probably given rise to a number of serious maladjustments as between the various trades and industries. Let us note a few typical examples. When the "average" wage earner—if there is any such thing—took home in 1943 a pay envelope containing, say $50, more than $10 of it represented overtime. A federal civilian employee had about the same experience. A state or local government employee, however, found his weekly pay increased only 4% by overtime allowances. In finance, service industries and the like overtime payments were negligible. In transportation and the public utilities it amounted to only about 11%. In construction it was 22.1%. Similar variations appear within the manufacturing industry. Thus overtime in the iron and steel industry amounted to 22.5%, in machinery 27.1%, and transportation equipment manufacturing, 24%, but in textile, clothing and leather goods it amounted to less than 9%, and in paper products, printing and publishing less than 14%. Generally speaking, the overtime has been the greatest where the industry was most heavily engaged in war work. Workers elsewhere, and of course salaried employees have been in much less degree beneficiaries of this 40-hour, overtime, system of New Deal authorship.

Whatever may have been the case in other sections of the economy, the Administration has certainly most dismally failed to prevent inflation of labor costs, and this inflation, as is usual with inflation, has affected the various elements subject to it very unevenely. And now what are we to expect of it all when the war is over. For one thing, we may count on the most strenuous effort on the part of the unions to force hourly wages up in those industries where men have been receiving heavy overtime payments. Indeed some of the leaders have already served notice to that effect. But after industry has returned to peacetime pursuits, the consumer and not the taxpayer will have to foot the bill. The taxpayer has to pay what is exacted of him. There is little that he can do about it—at least in any direct way. The consumer is in a more advantageous position. He can simply refuse to buy the product if it is priced too high. He may do so. If he does, then the pampered men of a good many industries are in for a tough time. If not, then they will continue to draw large money wages, but their wages will not buy so much as they would like to have them.

But what of the other elements in the economic system whose pay has not risen correspondingly? So far as they are organized and are represented by aggressive leaders, they will soon have their demands in—and should inflation be the order of the day, they will promptly get what they demand. If some other course is chosen, they too may be headed for trouble. Meanwhile if wages and prices are definitely headed upward, then the vast army of white collar workers will sooner or later obtain adjustments in their salaries. All this, of course, adds to the costs of producing goods and to the prices which manufacturers must ask.

Perhaps, free movement of prices may yet teach some of our dreamers much that they do not appear to be able to learn from the books. And it may be that the American people at large will have to learn the hard way, too.

UNRRA Gets $4 Million For Administrative Expenses In 1944

The United States Government has paid $4,000,000 to the United Nations Relief and Rehabilitation Administration to cover this country's share of administrative expenses of the organization during this year, Herbert H. Lehman, Director General of the agency, announced on July 17, according to Washington advices to the New York "Times," which also stated.

"The United Kingdom, it was made known, has advanced $1,500,000 for the same purpose and other payments include $200,000 by Russia; $400,000, India; $500,000, China, and $300,000, the Dominion of Canada.

"Administrative payments also have been made by Belgium, Poland and South Africa, $100,000 each; $50,000 each, France and Greece; $70,000, Mexico; $30,000 each, New Zealand and Norway; $25,000 each Czechoslovakia and Peru; $20,650, Egypt, and $5,000 each, the Dominican Republic, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, Iceland, Liberia, Luxembourg, Nicaragua, the Philippines and Yugoslavia.

"Congress has appropriated $800,000,000 for UNRRA, the major part of which is expected to be spent in this country for supplies and service."

In an item in our issue of May 18, page 2065, reference was made to an initial appropriation of $450,000,000 asked by President Roosevelt on May 4 (under the Act of March 28, 1944) to enable the United States to participate in the UNRRA; he also requested at the same time authority to transfer supplies, service or funds, to the amount of $350,000,000 under the Lend-Lease Act of Mar. 11, 1941. The signing by the President on Mar. 28, 1944, of the legislation authorizing the United States to provide a $1,350,000,000 fund for the UNRRA was referred to in our issue of Apr. 6, page 1430.

Hull Sees Attack On Hitler As Realization Of Impending Defeat In Germany

Referring to the attack on Adolf Hitler on July 20, as a clear indication that a realization of impending defeat is spreading in Germany, Secretary of State Cordell Hull at the same time warned on July 21 the American people against overoptimism.

Special Washington advices to the New York "Times" on July 21 reporting this added:

"Mr. Hull made his statement after studying closely official and press reports. The official reports were said to have been along the same lines as those gathered by the press from Germany's borders.

"While not prepared to forecast what would follow in the Reich, officials looked upon the reports of developments thus far as highly important. The fact that the German authorities made the announcements they did, it was remarked by diplomatic observers, was evidence in itself of the importance of the situation.

" 'The attacks on Hitler, and his explanatory speech,' Secretary Hull said in his statement, 'clearly indicate that a realization of Germany's impending defeat is spreading in the Reich. He and two of his most important military advisers have now denounced as criminal trators a "clique of former general who had to be chased from their posts for a leadership as cowardly as it was incompetent."

" 'Hitler has furthermore been compelled to remove the Chief of the German General Staff and to appoint his Chief Executioner, Heinrich Himmler, as Commander of the Army in Germany. These frantic attempts to restore the apparent unity of the German General Command illustrate the divergence of views between the Army and the party which has developed as a result of the steadily deteriorating military position of Germany. But no amount of internal reshuffling or repression by Himmler can conceal from the German people the fact that many German generals believe that Germany has lost the war.

" 'We should not let these apparent developments give rise to overoptimism. The fighting ahead will be hard and we should intensify our efforts here at home and make all the sooner and more certain the defeat of our enemies.' "

At the time of the attack on Hitler, Associated Press advices from London July 20 stated:

"Berlin announced that Adolf Hitler was burned and bruised in an unsuccessful bombing attempt on his life today. Three of Hitler's military leaders were seriously injured, while his chief military adviser, Col.-Gen. Alfred Jodl, was less severely hurt, as were also five other generals and two admirals."

In a broadcast to the German nation on July 21 Herr Hitler said that he was addressing his people for two reason: "first, so that you shall hear my voice and know that I personally am unhurt and well; and, secondly, so that you shall hear the details about a crime that has no equal in German history. . . . I personally am entirely unhurt apart from negligible grazes, bruises or burns."

Bankhead Urges Farmers To Withhold Cotton Until Price "At Least Equal to Parity"

A statement in which he advised farmers "to withhold their cotton from sales until the price at the farm is at least equal to the parity price," was issued at Jasper, Ala., on July 30, by Senator Bankhead (Democrat) of Alabama. Mr. Bankhead said that the possibility of an early German defeat and the inability of the OPA and cotton mills to agree on the cost of raw cotton at the mills had depressed the price of cotton despite recent legislation to bring it to parity. In his statement, according to the United Press, he said:

"If the cotton farmers refuse to sell their cotton at a price below parity and, where necessary, put it under the Government loan, they should in due time receive that parity price which is assured to them by law.

"Farmers should not give to cotton buyers or cotton mills any part of the parity price, all of which belongs to them."

Senator Bankhead also stated that the recent reduction in price had given "a windfall to the cotton mills and an unjust loss to the farmers."

From the United Press we also quote:

Asserting that Congress has directed President Roosevelt to take all lawful action necessary to assure that cotton farmers receive no less than the parity price, the Senator said he felt sure that "the President will, at an early date, carry out in good faith" the provisions of the cotton parity amendment to the recent OPA Extension Act.

He predicted that, if farmers continue to receive less than parity, Congress would vest in the President "further legal authority" to carry out provisions of the amendment.

Mr. Bankhead pointed out that it is unlawful, under the new legislation, for the OPA to establish, or maintain, ceiling prices and for cotton mills to maintain a maximum price which does not reflect parity.

He further said:

"There should be no loss of markets for cotton and cotton goods caused by peace. There will be a gradual reduction in sales to the armed forces, but that reduction will be promptly met by increased requirements for cotton goods to meet the civilian demands and to replenish the depleted stocks in all the American stores and to meet the great need of cotton and cotton goods throughout the world."

The extension of the price control act for one year to June 30 1945, was noted in our issue o July 13, page 174. Under date o July 30, advices to the New York "Journal of Commerce" from its Washington bureau said:

The Bankhead-Brown amendment to the Stabilization Ac makes it unlawful for the OPA to establish a ceiling price which does not reflect at least parity to cotton producers. It also makes it unlawful for cotton mills to maintain a maximum price which does not reflect at least parity to cotton producers.

In order to enable farmers to withhold their cotton from sale until they can get parity prices Congress increased the loan rate to 92½% of parity.

"I feel," Senator Bankhead said "that the President will, at an early date, carry out in good faith the provisions of the law." He may issue appropriate orders to prevent the collection of money by the mills from the public which is intended to be used by them to pay parity prices to the farmers if it is used for that purpose, Senator Bankhead explained since he is directed to take away lawful action to assure the receipt by the producers of parity prices.

Senator Bankhead said that "i further legal authority is needed it will doubtless be granted by Congress when it reassembles."

Russian Pact With Polish Committee Advances Plan For Incorporation Of East Poland In USSR

The Russian Foreign Commissariat announced officially at Moscow on July 25, that the Government had decided to enter into an agreement with the new Polish Committee of National Liberation for the civil administration of liberated Polish territory. It also reiterated that it had no territorial or social ambitions inside the territory of Poland, which it regards as a "sovereign, friendly, allied State," said wireless advices July 25, to the New York "Times" from Moscow.

London Associated Press accounts (July 25) had the following to say in the matter:

"Russia has concretely advanced her program for incorporating the eastern part of old Poland into the Soviet Union and compensating a re-born Poland with German lands.

"The Soviet Union announced that it recognized the newly-created Polish Committee of National Liberation as the sole civil authority in territory now being wrested from the Germans west of the Bug River.

"Administrators of this committee are moving right up with the Red Army and setting up civil administrations," Moscow said.

"It disavowed any Russian intention of changing the Polish social system or creating any Soviet authority in Polish lands.

"Moscow made it clear, however, that it considered the Bug River the boundary, and that the vast territories east of that line, which were Polish before 1939, were regarded as integral parts of the Soviet Republics of White Russia, the Ukraine and Lithuania. Such a boundary has the approval of the liberation committee.

"The committee apparently has Russian backing for its claim of a western boundary on the Oder River, which would place within a new Poland all of East Prussia, Polish Silesia, most of Pomerania and part of Brandenburg and give Poland a broad outlet to the Baltic, all at German expense."

The above advices are taken from the Detroit "Free Press," which also stated:

"The formation and the recognition by the Soviet Union were both apparently without any advance notice to the United States Department of State or the British Foreign Office, both of which recognize the exiled Government as the official Polish regime.

"It was stated on high authority in Washington that the United States intends to pursue a strictly nonpartisan course in the Russo-Polish dispute over the administration of the liberated areas.

"American officials are hopeful that a way will be found to avoid any direct clash of interests between Britain and the United States, on one hand, and Russia on the other over the Polish question, despite the outburst of denunciation which has marked the organization of an administrative authority for Poland under Russian sponsorship.

"As Ambassador Jan Ciechanowski, of the Polish Government in Exile, called on Secretary of State Cordell Hull, he denounced the Soviet-approved Polish Committee as a 'typical puppet government imposed by Moscow.'"

The text of the Russian Government statement on Poland, recorded by the Russian monitor from a Moscow broadcast, as contained in Associated Press accounts from London, and given in the New York "Times" follows:

"The People's Commissariat for Foreign Affairs of the USSR has been entrusted by the Soviet Government with making the following statement:

"The Red Army, successfully advancing, has reached the State frontier between the Soviet Union and Poland.

"Pursuing the retreating German troops, Soviet troops, together with the Polish army operating on the Soviet-German front, have cross the western Bug River, have crossed the Soviet-Polish frontier and have entered Polish territory. Thus a beginning of the liberation of our long-suffering brother Polish people from German occupation has been made.

"Soviet troops have entered Polish territory filled with one determination: to rout the enemy German armies and to help the Polish people in the task of their liberation from the yoke of the German invaders and of the restoration of an independent, strong and democratic Poland.

"The Soviet Government declares that it considers the military operations of the Red Army on the territory of Poland as operations on the territory of a sovereign, friendly, allied State. In connection with this, the Soviet Government does not intend to establish on Polish territory organs of its own administration, considering this the task of the Polish people.

"It has been decided to conclude with the Polish Committee of National Liberation an agreement on relations between the Soviet Command and the Polish administration.

"The Soviet Government declares that it does not pursue aims of acquiring any part of Polish territory or of a change of social structure in Poland, and that the military operations of the Red Army on the territory of Poland are dictated solely by military necessity and by the striving to render the friendly Polish people aid in its liberation from German occupation.

"The Soviet Government expresses its firm confidence that the fraternal people of the USSR and Poland will jointly bring to a conclusion the war of liberation against the German invaders and will lay a firm foundation for friendly Soviet-Polish collaboration."

Dewey Sees U. S. Unable To Face Another Roosevelt Depression

At a press conference in Pittsburgh on July 31, Gov. Thomas E. Dewey of New York said that "the United States simply cannot face another period like a Roosevelt depression, which lasted for eight years with more than 10,000,000 men unemployed continuously from 1933 to 1940." The New York "World-Telegram" of July 31, quoting Mr. Dewey to the foregoing effect, also, in Pittsburg advices reported him as saying:

"The Republican Presidential nominee urged the country to remember that in November it would be electing a President 'most of whose term will be in peace time.'

"'I think proper government policies can contribute enormously and I believe successfully,' he added, 'in avoiding unemployment which so many now regard as inevitable under an administration that failed for eight years to meet the problem despite tremendous deficits.'

"Mr. Dewey struck hard at the Roosevelt administration, charging it with failing to prepare for post-war problems.

"'We don't need to surrender our liberties to a totalitarian New Deal,' he said, 'in order to provide job opportunities for the future.'

"Asked what he thought about the Democrats' slogan, 'Don't change horses in the middle of the stream,' in the light of that party's nomination of Senator Truman for Vice-President, he replied:

"I should say that idea was demolished in Chicago at the Democratic National Convention—they changed one-half of the horse.'

"'Which half?' a reporter asked.

"The Governor, smiling, was interrupted by laughter and unable to continue.

"Pointing out that Pittsburgh produced one-fourth of the nation's steel and Pennsylvania one-fourth of its coal, the New York chief executive said he wanted to talk first hand with people close to the problem of continuing our employment levels after the war ends.

"While physical reconversion will not be as great in steel and coal as in the arms industries, according to Mr. Dewey, 'the employment problem will be perhaps even more acutely affected here with the tapering off of production as we come closer to the end of the war.'

"'We are making gratifying progress in the fighting of the war,' he said. 'But governmentally we are making no progress toward what happens after the war.' . . .

"Later in the morning, the Presidential candidate met 41 labor leaders, including officials of the United Mine Workers of America, Pittsburgh Carpenters' Union, International Association of Machinists and Office Workers Union; also Ace Amceo, president of McKeesport Local 1406 of the Congress of Industrial Organizations.

"After a session attended by American Federation of Labor officers, one of them, Thomas Mallon, district AFL director for Pennsylvania, Delaware and Southern New Jersey, said his group found Dewey's views on labor entirely satisfactory and felt he is the best candidate.

"'We found Dewey in agreement with us,' he said, 'and opposed to regimentation of labor, the wage freeze and the July 1 order freezing men to their jobs.

"'He told us he was not opposed to stabilization of wages, but as long as the OPA couldn't do its job he felt we should get a wage increase which would enable us to live.'

"'We insisted,' added Mallon, 'that the Secretary of Labor be a member of organized labor and the Governor agreed.'

"Subsequently, Mr. Dewey told more than 200 businessmen that this country must be prepared to accept its share if imports if it expects to export to other nations after the war."

Increasing Business Of Intermediate Credit Banks

Federal Intermediate Credit Banks did a business in the fiscal year ended June 30, 1944, of $948,333,052, bringing to a total of $7,835,000,000 their loans and discounts for the past 20 years, and the largest annual volume in the history of the organization, the banks reported on July 31, through Charles R. Dunn, Fiscal Agent in New York. Losses on the entire total, it is stated, were 11/100 of 1%.

Net return on the $60,000,000 Government capital invested in these banks over the past 20 years has been $57,208,000, earning 3.9% per annum after writing off all losses and expenses. By comparison the average per annum interest cost of all direct U. S. Treasury obligations outstanding Dec. 31, 1943, was approximately 1.96%. Despite the increasing volume of business, the number of persons employed has been more than cut in half since 1934, says the announcement by Mr. Dunn. The interest charged by the Federal Intermediate Credit Banks has been held at the uniform rate of 1½% since 1939.

Stettinius To Head U. S. Group At International Security Conference To Be Held In Washington

Roosevelt Reports Favorable Reception For Plan To Preserve Peace

Announcement that Edward R. Stettinius will head the American delegation in the post-war security conversations to be held in this country the current month between the United States, Russia, Great Britain and China was made by Secretary of State Hull on July 27. Mr. Hull, in answer to a question at his news conference on July 27 stated that the other members of the American delegation have not yet been designated but that he himself had appointed Mr. Stettinius, who is Under-Secretary of State.

According to an announcement by the State Department on July 19 the forthcoming conference on plans for a world peace organization will be held at the Dumbarton Oaks estate in the Georgetown section of Washington. As to this the Associated Press reported:

Dumbarton Oaks was made available for the talks by the trustees of Harvard University. A spacious estate, it was presented to Harvard in 1940 by Robert Woods Bliss, special assistant to Secretary Hull and formerly United States Ambassador to Argentina.

Harvard has been using the mansion as a research library.

The conference will bring together the United States, Great Britain and Russia in one session, and the United States, Britain and China in another. While a date for the talks has not been announced, they are expected to be held simultaneously early next month.

The Dumbarton Oaks mansion was built in 1801 and was a private residence until 1940 when it was turned over to Harvard.

The Georgian style, red brick building is surrounded by 16 acres of gardens. Since its conversion to a library it has had no living quarters.

It is stated that Sir Alexander Cadogan, permanent Under-Secretary for Foreign Affairs, already has been maned chief British representative to the Conference. Russia and China have not disclosed whom they will send. It is likewise said that conclusions reached at the talks here will be referred to the respective governments and to other members of the United Nations for further discussion.

Under date of June 27 United Press advices from London stated:

Prime Minister Churchill assured the House of Commons today that any peace plans would be laid before Parliament for discussion before they were adopted. Asked whether all the Allies would participate in the plans, he said: "It is our hope that the arrangements to be made regarding the maintenance of international peace and security will be the subject of consultation, at the appropriate time, between all the United Nations."

It was indicated on July 18 by Secretary Hull that the forthcoming talks on world peace organization would be held at the expert level rather than by the foreign ministers of Russia, the United States, Britain and China. From the Associated Press we quote:

Mr. Hull said the conference will not necessarily be on a top level, and that means, he added, that the foreign ministers may not attend. It has been understood that the chiefs of the four delegations probably would have a rank corresponding to that of Under-Secretary in this country.

The statement was made by President Roosevelt on June 27 that the Administration's plan to unite the peace-loving nations of the world in an organization to prevent future wars, by force if necessary, had had a generally favorable public reaction. We quote from Associated Press advices from Washington June 27, which also said:

Mr. Roosevelt, in response to a question, said the plan he outlined on June 15 had inspired lots of letters—all favorable so far.

He made the remark to a news conference soon after the Platform Committee of the Republican National Convention in Chicago made public a foreign policy plan opposing a world State and urging "peace forces" to outlaw aggressions.

The Republicans called for adequate post-war military forces to defend the United States and its outposts, to maintain the Monroe Doctrine and to meet military commitments of Congress.

The post-war program outlined by the President would set up an international organization of peace-loving nations to work for world stability. It would include a world council composed of the four major powers and a "suitable number" of other nations, and an international court. Participating nations would use armed force, if necessary, to prevent wars.

President Roosevelt's plans for an International Security Council, announced on June 15, were referred to in these columns June 22, page 2609.

Commission To Aid Rehabilitation Of Philippine Islands

First steps looking toward the rehabilitation of the Philippines, once they are freed from Japanese occupation, were taken at Washington on July 21, when a special commission created by Congress organized by electing Senator Millard E. Tydings, Democrat, of Maryland, as Chairman. Sergio Osmena, Vice-President of the Philippine Commonwealth, was elected Vice-Chairman of the sixteen-member group composed of representatives of the United States and the Philippine governments and members of both branches of Congress. Reporting this, Washington Associated Press advices July 24 stated:

"Philippine President Manuel L. Quezon, in a statement issued from Saranac Lake, N. Y., urged the commission to start work at once on problems of post-war economy, trade, finance and reconstruction in the islands.

"Named at today's meeting was a four-member subcommittee to prepare an agenda for the full commission. On the subcommittee are Senator Tydings, Vice-President Osmena, E. D. Hester, representing the Department of the Interior, and Colonel Carlos P. Romulo, Philippine army officer."

From Saranac Lake, N. Y., on July 22, the Associated Press was reported in the New York "Times" as saying:

"President Manuel L. Queson of the Japanese-occupied Philippines predicted today a rehabilitation job on the islands much greater than was indicated when Congress created the Filipino Rehabilitation Commission in 1939.

"In a statement preliminary to the commission's first meeting in Washington Monday, Mr. Quezon said:

"'It is obvious that the task of this commission is vastly more difficult than that contemplated in the original Tydings-McDuffie Indepence Act.'"

Legislation promising Philippine independence, approved by President Roosevelt on June 30, was referred to in our July 13 issue, page 205.

The State Of Trade

(Continued from page 514)

erating rate of steel companies (including 94% of the industry) will be 96.9% of capacity for week beginning July 31 compared with 95.9% one week ago. This week's operating rate is equivalent to 1,735,800 tons of steel ingots and castings and 1,702,200 tons one year ago.

An early internal collapse in Germany and possibly Japan, growing out of events recently occurring in those two countries, have thus far not been reflected in either steel order cancellations or a sharp decline in new business, states the "Iron Age," in its current issue. A modest decline in the ingot rate was also sufficient to cause officials to question the possibility of increasing the rate close to the 100% mark. Commenting on the volume of new business, it pointed out that steel orders were heavier than in the previous week, effecting an increase in backlogs. The prevailing policy of war contractors, the magazine adds, is to buy for actual contract requirements rather than with a liberal margin for eventualities. Touching upon the shell container program, the above source stated, the sharp slash in this program cutting steel requirements from 385,000 tons to 185,000 tons, leads some to believe that the shell steel program itself may be susceptible to similar action, although there is nothing tangible to indicate such a possibility.

Taking up the increase in order volume the past week, the magazine states, "the stepup in order volume this week was all the more important in view of the belief in some quarters that demand for steel had reached its peak. There was little indication this week of any easing in the volume of steel buying. As a general rule, weekly totals of bookings are not taken as an indication of a general trend. Ordering is usually heavy preceding the so-called quarterly directives. Quality steels this week were still tight as far as deliveries were concerned but Bessemer grades remained fairly free."

With respect to pig iron, "Steel" magazine the current week, indicated some tightening was in evidence, although no distress has been felt. Steelmaking is taking by far the larger part of production with foundry demand low because of inability to operate at a high rate with present labor forces.

Scrap supply in steelmaking grades, according to the magazine, continues ample and many melters refuse to add to inventory, a number being out of the market. Secondary grades are inspected closely before acceptance. Battlefield scrap continues to arrive, but its alloy content makes it difficult to move.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending July 22, 1944, at 1,222,000 tons, a decrease of 44,000 tons (3.5%) over the preceding week, or a decrease of 111,000 tons (8.3%) from the corresponding week of 1943. The 1944 calendar year to date shows an increase of 9.1% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended July 22 at 11,985,000 net tons, against 12,260,000 tons in the preceding week and 12,090,000 tons in the July 24 week of last year while output for Jan. 1 to July 22 totaled 353,030,000 tons, as against 324.165,000 tons in the same 1943 period.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,380,930,000 kwh. in the week ended July 22 from 4,377,152,000 kwh. in the preceding week. The latest figures represent a gain of 4.4% over one year ago, when output reached 4,196,357,000 kwh.

Consolidated Edison Company of New York reports system output of 159,300,000 kilowatt hours in the week ended July 23, 1944, and compares with 207,100,000 kilowatt hours for the corresponding week of 1943, or a decrease of 23.1%.

Local distribution of electricity amounted to 153,700,000 kilowatt hours, compared with 187,700,000 kilowatt hours for the corresponding week of last year, a decrease of 18.1%.

R. R. Freight Loadings—Carloadings of revenue freight for the week ended July 22 totaled 903,034 cars, the Association of American Railroads announced. This was a decrease of 1,770 cars, or 0.2% below the preceding week this year, and an increase of 19,196 cars, or 2.2% above the corresponding week of 1943. Compared with a similar period in 1942 an increase of 47,519 cars, or 5.6%, is shown.

Silver — The Monetary Conference concluded its sessions at Bretton Woods, N. H., last week, but took no action on silver. A resolution was approved to give further study to the proposal that the metal be used in the stabilization fund. The London market was quiet and unchanged at 23½d. The New York official for foreign silver continued at 44¾c.

Oil — Stocks of domestic and foreign crude petroleum in the United States July 22 totaled 225,294,000 barrels, a net decrease of 1,219,000 barrels for the week, the Bureau of Mines reports. This brought stocks to the lowest level in many years. The stock change was brought about by a reduction of 1,118,000 barrels in domestic crude stocks, and a reduction of 101,000 barrels in stocks of foreign crude. Texas was responsible for the bulk of the decrease in stocks, as the reduction in the State approximately totaled 1,036,000 barrels. The stock total on July 22 was 5.05% less than that of July 24, 1943.

Stocks of residual fuel oil in the same week increased close to 1,000,000 barrels and were the highest since the first of the year. Notwithstanding current gains, these stocks are much below year-earlier levels. Indiana-Illinois-Kentucky stocks have been increasing steadily, until now they are higher than at any time in the last year. The combined East Coast and Gulf area showed the largest stock gain for the country. Meanwhile, stocks of all heavy and light fuel oils combined showed an increase of 1,325,000 barrels.

Residual fuel stocks July 22 totaled 55,315,000 barrels against 54,332,000 barrels a week earlier, an increase of 983,000 barrels and 66,992,000 barrels in the corresponding week a year earlier, indicating a stock reduction of 17.43%.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 501 reporting mills were 9.1% below production for the week ended July 22. New orders of these mills were 20.7% below production for the same period, while unfilled order files amounted to 118.2% of stocks. Reporting softwood mills indicated unfilled orders were equivalent to 40 days' production at the current rate, and gross stocks equivalent to 32 days' production. For 1944 to date, shipments of reporting mills exceeded production by 5.4% and orders by 7.9%.

Paper Production — Paper production for the week ended July 22 was at 91.3% of capacity as against 91.1% the preceding week, the American Paper & Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 94% of capacity, against 91% in the preceding week and 97% in the comparative week last year.

Department and Retail Store Sales—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 11% ahead of a year ago for the week ending July 22, while the previous week (ending July 15) showed a 15% gain (revised figure) over the corresponding week in 1943. For the four weeks ending July 22, 1944, sales increased by 10%. A 7% increase in department store sales for the year to July 22, 1944, over 1943 was noted.

Steadiness was a feature of retail trade for the country at large, reflecting moderate gains the past week over a year ago, Dun & Bradstreet reported in its weekly survey of business conditions. Less activity was noted in wholesale markets than for a week ago, due to the fact that summer merchandise is no longer available. Another reason for the quiet tone of the market is that heavy orders have already been placed for fall in many lines.

Demand for seasonal merchandise has practically ceased in the wholesale markets and little new merchandise appeared to raise the volume. Delivery schedules appeared to absorb the attention of buyers most, according to the survey, which stated that although reports are mixed, general deliveries appear to be at a more favorable rate than last year. In the apparel markets the trend is for quality merchandise and a tendency to avoid long-term commitments.

Wholesale & Retail Food Volume—According to Dun's survey of business conditions, wholesale food volume was about 11% above last year, with moderate receipts noted in the hog market supported by a good demand. Beef supplies were tighter. In the retail market dollar volume was reported running well above a year ago, activity remained firm as summer merchandise kept moving and more fall displays appeared. Absence of many items from shelves tended to curtail sales.

Retail food volume was approximately 10% above last year. Fresh fruit and vegetables were in ample supply and an upturn in sales was noted along with numerous requests for jars and tops for home canning. Meat stocks were better, but still below demand in many places.

Department and Specialty Stores—The Controllers' Congress of the National Dry Goods Association reveals that department and specialty stores last year established new high records in both sales and profits, before taxes, according to the Congress' study on merchandising and operating results. Based on statistics from 229 stores the record results are credited to wartime buying power and a reduction in customer service by the stores. The report discloses that the net profit from operations in the typical store was 10.2% of sales, as compared with 7.5% in 1942, 5.1% for 1941, 2.3% for 1940 and 1.6% in 1939. The operating rates dropped 28.7%, the decline in percentage to sales being 2.5%. Main store sales made the better showing, with a rise of 21%, compared with a 12% gain for basement sales. For the trade as a whole the survey reports a 17% increase over 1942, top gains going to specialty stores, up 20%. Department store gains ranged from 13% to 23%.

According to Federal Reserve Bank's index, sales in New York City for the weekly period to July 22 increased by 16% over the same period of last year. For the four weeks ending July 22 sales rose by 12%, and for the year to July 22 they improved by 8%.

The extremely warm weather and high humidity the past week worked to the disadvantage of retail trade in New York, but notwithstanding this, advances over a year ago were recorded with increases for department stores placed at about 10%. Clearance sales of seasonal merchandise went well. The possibility of an early peace was apparently without effect in the wholesale markets. The situation in cotton goods continued acute and pressure by retailers to obtain types of merchandise on order and which are about exhausted continues to be applied.

Official Summary Of The Agreements At Bretton Woods Conference

As Annex C to the Final Act of the United Nations Monetary and Financial Conference held at Bretton Woods, N. H., from July 1 to July 22, 1944, the following official summary of the agreements of the Conference was issued:

This Conference at Bretton Woods, representing nearly all the peoples of the world, has considered matters of international money and finance which are important for peace and prosperity. The Conference has agreed on the problems needing attention, the measures which should be taken, and the forms of international cooperation or organization which are required. The agreement reached on these large and complex matters is without precedent in the history of international economic relations.

I. International Monetary Fund

Since foreign trade affects the standard of life of every people, all countries have a vital interest in the system of exchange of national currencies and the regulations and conditions which govern its working. Because these monetary transactions are international exchanges, the nations must agree on the basic rules which govern the exchanges if the system is to work smoothly. When they do not agree, and when single nations and small groups of nations attempt by special and different regulations of the foreign exchanges to gain trade advantages. the result is instability, a reduced volume of foreign trade, and damage to national economies. This course of action is likely to lead to economic warfare and to endanger the world's peace.

The Conference has therefore agreed that broad international action is necessary to maintain an international monetary system which will promote foreign trade. The nations should consult and agree on international monetary changes which affect each other. They should outlaw practices which are agreed to be harmful to world prosperity, and they should assist each other to overcome short-term exchange difficulties.

The Conference has agreed that the nations here represented should establish for these purposes a permanent international body, **The International Monetary Fund**, with powers and resources adequate to perform the tasks assigned to it. Agreement has been reached concerning these powers and resources and the additional obligations which the member countries should undertake. Draft Articles of Agreement on these points have been prepared.

II. International Bank for Reconstruction and Development

It is in the interest of all nations that post-war reconstruction should be rapid. Likewise, the development of the resources of particular regions is in the general economic interest. Programs of reconstruction and development will speed economic progress everywhere, will aid political stability and foster peace.

The Conference has agreed that expanded international investment is essential to provide a portion of the capital necessary for reconstruction and development.

The Conference has further agreed that the nations should cooperate to increase the volume of foreign investment for these purposes, made through normal business channels. It is especially important that the nations should cooperate to share the risks of such foreign investment, since the benefits are general.

The Conference has agreed that the nations should establish a permanent international body to perform these functions, to be called **The International Bank for Reconstruction and Development.** It has been agreed that the Bank should assist in providing capital through normal channels at reasonable rates of interest and for long periods for projects which will raise the productivity of the borrowing country. There is agreement that the Bank should guarantee loans made by others and that through their subscriptions of capital all countries should share with the borrowing country in guaranteeing such loans. The Conference has agreed on the powers and resources which the Bank must have and on the obligations which the member countries must assume, and has prepared draft Articles of Agreement accordingly.

The Conference has recommended that in carrying out the policies of the institutions here proposed special consideration should be given to the needs of countries which have suffered from enemy occupation and hostilities.

The proposals formulated at the Conference for the establishment of the Fund and the Bank are now submitted, in accordance with the terms of the invitation, for consideration of the governments and people of the countries represented.

Proffitt Heads Savs. Banks Life Ins. Fund

At a meeting of the Trustees of the Savings Bank Life Insurance Fund, held at the office of the Fund in New York July 27, Henry W. Proffitt, Trustee of the Empire City Savings Bank, and a member of the law firm of Barry, Wainwright, Thacher & Symmers, was elected President of the Fund. Albert E. Cluett, Executive Vice-President of the Troy Savings Bank, was elected Vice-President of the Fund; and George W. Whedon, President of the Monroe County Savings Bank, was re-elected as Treasurer.

Announcement was made at the meeting of the entrance of the Erie County Savings Bank of Buffalo into the Savings Bank Life Insurance System. Including the Erie County Savings Bank, there are now 48 savings banks throughout the State of New York offering Savings Bank Life Insurance. Insurance in force for the system has just passed the $40,000,000 mark.

Insurance issued for the first six months of 1944 shows a 29% increase over insurance issued for the corresponding period of 1943. This increase is accounted for in part by a recent broadening of the coverage of Savings Bank Life Insurance to include the writing of "substandard" business, under which persons with limited medical impairments are insured through the payment of an extra premium and an extension of juvenile insurance to include policies written without a medical examination on children down to one month of age.

Truman Given Second Place On Roosevelt Ticket
Convention Names Him In Place Of Wallace

Senator Harry S. Truman of Missouri was the victorious candidate for Vice-Presidential nominee of the Democratic Party at the Democratic National Convention on July 21. Vice-President Henry A. Wallace, who finally lost out in his fight for renomination, led on the first ballot, 429½ to 319½, but the State delegations, one by one, eventually gave their support to the Senator, the final balloting recording 1,031 votes for Senator Truman and 105 for Vice-President Wallace. Other votes, according to the Associated Press, went to Supreme Court Justice William O. Douglas, 4; Gov. Prentice Cooper of Tennessee, 26; Senator Alben W. Barkley of Kentucky, 6, and Manpower Commissioner Paul V. McNutt, 1. Three of the 1,176 delegates were absent.

Harry S. Truman

While President Roosevelt had prior to the Convention indicated his indorsement of the renomination of Mr. Wallace (his letter in the matter, dated July 14, appeared in our July 20 issue, page 291), a later communication from the President to Robert E. Hannegan, Chairman of the Democratic National Committee, made known that he would be "very glad" to run with either Senator Truman or Supreme Court Justice William O. Douglas. Mr. Hannegan made public, as follows, at Chicago the President's letter to him on July 19:

"Washington, July 19, 1944.

"Dear Bob: You have written me about Harry Truman and Bill Douglas. I should, of course, be very glad to run with either of them and believe that either one of them would bring real strength to the ticket. Always sincerely,

"FRANKLIN D. ROOSEVELT.

"The Hon. Robert E. Hannegan

"Blackstone Hotel, Chicago, Ill."

The earlier letter in the matter had been addressed (July 14) by the President to Senator Jackson of Indiana, permanent Chairman of the Democratic National Convention, and in that letter he said:

"I personally would vote for his (Mr. Wallace's) renomination if I were a delegate to the Convention"; he added that "obviously the Convention must do the deciding." In making public the President's letter of July 19, Mr. Hannegan said he had acted with the President's consent.

In reporting the developments at the Convention on July 21 the Associated Press accounts from Chicago said:

From Wallace's own State of Iowa came a Convention motion to make Truman's selection unanimous. But it was ruled as out of order at that time.

Grinning and waving, Truman, the lean, gray, 60-year-old Chairman of the Senate War Investigating Committee, climbed to the speaker's platform, as soon as he won his uphill battle, to receive the Convention's noisy acclaim.

The Convention adjourned shortly after this demonstration.

Although Mr. Wallace's name spelled political poison to many Dixie Democrats, he commanded powerful support from some elements of labor, among them the CIO Political Action Committee.

To night, for a second time in four years, Democrats tossed a Vice-President onto the political "scrap" heap and picked a newcomer to run with Roosevelt.

Four years ago it was John Nance Garner who was dropped at the instigation of the Chief Executive. This year the President had said he would vote personally for Wallace if he were a Convention delegate, but that he likewise thought Truman—or Supreme Court Justice William O. Douglas — would add "real strength" to the ticket.

Democrats took the weak White House indorsement of Wallace as their cue. National Chairman Robert E. Hannegan, himself a Missourian, was credited by delegates with engineering the Truman victory.

The Truman people had called their shots in the Vice-Presidential battle, conceding Wallace would get the most votes on the first test and slip on the second.

Truman did not have a clearcut majority the first time through the second roll-call of States, but victory was just barely outside his grasp.

Oklahoma started the parade by announcing that it was switching its 22 votes from Gov. Robert S. Kerr, keynoter. Delaware and Mississippi shifted to Truman, then Maryland and Kansas. And the Truman drive was all set to mow down a host of favorite son candidates.

Then Senator John Bankhead of Alabama, although he had announced he was in the race to stay, gained recognition.

"I desire to recall my name," he told an applauding audience.

Alabama would give 22 votes to Truman, two to Wallace, he said. That really was the spark which ignited the tinder. It put nearly 500 votes to Truman's credit.

South Carolina upped the ante by 18.

Chairman Hannegan yelled toward Mayor Edward Kelly of Chicago, a potent figure in the big Illinois delegation:

"That's all we need. Come on in."

Illinois changed its 58 votes from Senator Scott Lucas to Truman.

And away went the Truman drive.

The CIO Political Action Committee went down to defeat with Henry A. Wallace but promptly declared its confidence in the Democrats' nominee for Vice-President, Senator Truman, said the Associated Press advices from Chicago July 21, which also had the following to say in part:

From his box seat where he watched the proceedings with several members of his staff, Sidney Hillman, Political Action Chairman, issued a statement saying that CIO support of Wallace "did not carry with it opposition to another candidate whom the Convention might select."

"We believe that Senator Truman is eminently qualified for the office of Vice-President," Hillman said. "He will make a splendid running mate for the President. We are confident that Roosevelt and Truman will be the winning team on Nov. 7. They will have our complete and whole-hearted support."

Although it failed to put over Wallace, the CIO group was, next to candidates' names, the big talk of the convention. Never had a labor organization figured more importantly in a national party conclave.

Hardly a year old, the CIO group, now named the National Citizens Political Action Committee, pitted itself against veteran big city Democratic organizations in the Vice-Presidential race.

National Chairman Robert E. Hannegan of St. Louis, Mayor Ed Kelly of Chicago, Edward J. Flynn of New York City, and Mayor Frank Hague of Jersey City all wanted the nomination for Senator Truman.

At one time, they thought they could talk Vice-President Wallace out of the race and avoid a bitter fight. But Mr. Wallace would not listen and neither would his big backer, the CIO.

In indicating his whole-hearted support of the Roosevelt-Truman ticket, Vice-President Wallace in Chicago on July 21, said that "the cause of liberalism has been further advanced" by developments at the Democratic Convention.

Said the Associated Press:

That was his comment immediately after he learned over the radio that Sen. Harry S. Truman had defeated him in their battle for the Vice-Presidential nomination.

"I don't look upon my defeat as a blow to liberalism," Mr. Wallace told newsmen. "I think what has happened is that there has been a real start toward a vital liberalism in the Democratic party.

"Roosevelt is the voice of liberalism in the Western World. He must be supported during the war emergency and during the peace."

Wallace, in shirt sleeves, met newspapermen in his hotel room, where he had remained throughout the balloting for Vice-President. He smiled and shook hands with a number of visitors who had waited outside his door.

"I am very happy about it—really I am," the Vice-President said.

Asked if he would support the ticket actively this fall he replied:

"Of course."

Mr. Wallace told reporters his political views were well summed up in his speech to the convention yesterday when he seconded President Roosevelt's nomination, and suggested that they refer to it.

Wallace remained in his hotel during the tense developments at the convention hall which ended in his defeat.

As for his fight for renomination, Mr. Wallace said, "I did what I thought was right, and I am very happy about it."

"I'll be very happy to congratulate Mr. Truman when I see him," he added.

Mr. Wallace said he planned to leave tomorrow for his Iowa home, for a short stay.

Colonial Trust Warning Against Forgers Printed On Commercial Checks

In support of the United States Secret Service (Treasury Department) campaign to protect merchants, storekeepers and business men from the danger of cashing checks bearing forged endorsements, Arthur S. Kleeman, President of the Colonial Trust Company of New York, announced on July 17 that all commercial depositors of that institution will in the future be supplied with checks bearing the slogan, "Know Your Endorser — Require Identification," printed across the left end of the back of the check. It is pointed out that while many banks and bankers' associations have publicized the liability that the ultimate endorser assumes and in some instances have imprinted the suggested slogan on the face of their vouchers, the Colonial Trust Company is among the first to put this warning squarely before the person who will cash the check, on the back of the instrument, and directly above all endorsements which appear thereon.

Colonial Trust Company has also distributed to retail stores in the neighborhood of each of its four offices placards reading:

> "To our customers. . . . Army and Navy dependency checks, and others, are being stolen. The U. S. Secret Service, Treasury Department, and our own police department, send us this warning! Help prevent crime! Know your endorser! Before cashing checks for strangers, require proper identification! We will appreciate your cooperation in the U. S. Secret Service Crime Prevention Program."

To serve as a reminder to cashiers, clerks and patrons.

From Washington Ahead Of The News

(Continued from first page)

bitions like nobody's business. He succeeded in making it a contingency of further political success that the Governor be a part of his machine. Otherwise this Governor could not get work projects for his State. When F. D. came in, too, the states were mostly in debt. Whether the Federal Government paid them out or not depended upon the Governor's allegiance to Roosevelt.

The Governors as a result became, by and large, mere appendages of the vast New Deal machine.

In 1942 there was a turnover. In addition to electing Republican Senators and members of the House, notwithstanding the dire forebodings of the Gallup Poll, the Republicans elected governors. All told they now have 26 of them and presumably these gentlemen have the political machinery of their states and if they do have, then Dewey will win.

What is of considerable importance to the country is that these gentlemen, along with the newly elected Republican Senators and Congressmen, have been feeling their oats. They have been asserting themselves. They have been wanting to know whether they are part of the government or not. Being Republican governors they have not been much a part of it, but significantly, at their purely gubernatorial gatherings, even the Democrats have grumbled about the little part in which Governors play in the scheme of things.

Dewey's St. Louis meeting seeks to capitalize upon this. He is bypassing the Senators who have heretofore been the big shots in campaigns. He is telling the Governors, in effect, that from now on, "we" run things. That's all to the good and bound to make the Governors feel their responsibilities which they should have felt long ago.

What will be the likely result of this? The Governors, feeling important, feeling that their particular spheres of authority are self-contained, will tend to handle the problems which are rightfully theirs and resent any effort of Washington to interfere. They will tend to cease passing the buck. They will tend to develop a pride in accomplishment. Naturally this will take the pressure off of Washington and the Congress which has been yelling that. of course, they have to create a bureaucracy to handle the tremendous burden that is passed on to the National Government Also, these Republican Governors will consider that they are essential to the Dewey victory and that they must get out and elect him in their States.

Up to this point the Dewey St. Louis trip is not only a distinct public service but a splendid piece of political strategy.

But then what? The publicity has said they are to get together on the areas of Federal and State rights. That, in the concensus of Washington political observers, is bad, because you are not likely to find two Governors agreeing. A small state is not likely to accept the same division of powers as a larger state. The New Dealers are likely to go into high glee over the Republicans' trying to get together on the question of States' rights, yet the fact remains that Dewey does not mention States' rights at all. He says "States' responsibilities" and if there is anybody who believes we will ever get out of the mess we are in without the various State officials exercising their own particular responsibilities, he is nuts.

If we were asked to define the division we might point to the practice of a little labor leader in a small hamlet who calls a strike and immediately sends a telegram to Mr. or Mrs. Roosevelt, not his Mayor or his Governor. The fellow wants quick action through a Federal board. We assume that Dewey, as President, would call his attention to the fact that he had a Mayor—or a local board; that he would not be so bent upon destroying the identities of local officials as to propose a ballot whereby the soldiers could not even vote for them.

Reprimand Five Curb Members For Technical Violations Of Special Offering Rule

The conclusion that there had been only technical violations by five firms, members of the New York Curb Exchange, of the rule governing special offerings, resulted in the administration of reprimands in each case by the Committee on Stock Transactions of the Exchange, and each of the firms at the same time was cautioned as to subsequent procedure. Certain refunds by each of the firms were called for by the Committee, according to the announcement by the Curb Exchange, which was issued as follows on July 24:

"Rule 566, sub-division (d), reads as follows:

"A member or member firm with an order for the purchase of a security which is the subject of a Special Offering shall effect such purchase in the regular market whenever a 'regular way' offering is available which would permit such purchase at a lower net cost than in the Special Offering. Every order for purchase in a Special Offering shall be accepted pursuant to the above condition."

"On April 28, 1944, a special offering of Reed Roller Bit Company common stock at 22¼ with commission of 70c per share payable to purchasing members was announced by Reynolds & Co. at 10:56 A. M. on the ticker of the Exchange. This special offering was suspended at 11:09 A. M. and remained suspended until 12:02 P. M. when it was resumed and completed at 12:39 P. M. Between the time of the suspension of the special offering and its reinstatement stock was available regular way at 22 per share. Those who held orders to buy "special" were by the Rule, directed to purchase regular way when the price was net less to the customer than the special offering price.

It was learned that certain firms, members of the Exchange, holding orders "special," failed to purchase stock regular way during the period of suspension but did purchase stock when the special offering was reinstated. An investigation by the Committee on Stock Transactions showed violations by five firms, three of which were located without the City of New York. In all these cases the Committee concluded that each firm had only technically violated the rule; but because there were such violations, each firm was reprimanded by the Committee and cautioned as to subsequent procedure.

The Committee also directed that each of the firms should refund to the offeror the sum of 70¢ per share which was the special commission received by each. Each was also directed to inform the customer involved of all of the circumstances of the transaction and to refund the sum of 7¢ per share, representing the difference between $22.25, the price the customer paid "Special Offering" and the price of $22.18, including commission, which the customer would have paid had the orders been executed regular way.

The total number of shares involved was 700 shares. The excess cost to the public was $49.

Special offerings are conducted under an exemption to Rule X-10B-2. Because of this exemption, it is of the utmost importance that members adhere strictly to the provisions of the Exchange rules governing special offerings, recited above, lest the exemption be lost.

The Price Of Peace

(Continued from first page)

peace which will be postponed and made uncertain.

For nothing is surer than that no peace will be secure which is not based on reason and justice. The proclamation of terms that might shorten the war would mean the statement of terms appropriate to a lasting peace.

Of the many fallacies for which we and our children and their children may pay in blood none is more dangerous than the present contention that if only the United States will join some kind of League to enforce the peace it doesn't matter much what kind of peace will be enforced. The road to peace on this theory is for us to pledge ourselves to restore and maintain the British Empire which Churchill will not dissolve and to assure Stalin not only of supplies now but of support, world without end, in whatever he may decide to do with and to Finland and Poland and Germany. Walter Lippman argues that the weak have no rights of self-determination that we ought to respect and that our duty is open alliance with Great Britain in an Atlantic Community which will remain at all costs on friendly terms with what he calls the Russian Orbit.

The Republican and Democratic platforms alike pledge our country to membership in some association to maintain the peace but are extraordinarily vague in describing the nature of the peace. The Republicans wanted to be "just" and the Democrats want to apply the principles of the Atlantic Charter to other "peace-loving nations, large and small." (By definition, a peace-loving state is one which will fight only on our side.) Both parties seem to accept what the President has called "the great design" for a revived League of Nations dominated by the Big Three with China as a poor relation. But even if that plan were structurally far sounder than it, is I should oppose it unless and until its powerful sponsors give us assurance that the peace this League is meant to enforce does not mean in the Far East the reestablishment and maintenance by our strength of the French, Dutch and British Empires with or without America as partner; and in Europe, sphere-of-influence politics under which proud and ancient natives will be treated as the great powers have treated the Balkan States. Against this sort of League to enforce this sort of peace I pledge myself to lift my voice even if I speak alone.

I am not an isolationist. My ultimate hope for the world is for an inclusive federation of free, cooperative communities with equality of right and obligation between all races, a federation which will make it possible for men in fellowship to harness their mighty machinery no longer for the destruction of one another but only for the destruction of poverty. I want a peace and an organization of the postwar world which will permit us to begin this cooperation of peoples freed from every foreign yoke. But if we are compelled to choose among evils I shall choose steadfast opposition to American commitment to any league pledged to a peace of vengeance and of imperial power. Our chance of peace and the world's will be better or, if you like, less bad, if we do not squander our money and our men in an imperialist policing of the world or try to fool ourselves that an alliance of the strong can or will maintain a peace that is not just.

Fortunately, we are not yet forced to the miserable alternatives which I have suggested. It is one of the great purposes of the Socialist campaign to arouse our fellow Americans to this fact.

In the Pacific theatre a decent and hopeful peace requires a definite promise of self-government to the teeming millions of South East Asia and Malaysia. What guidance and help these people need should be given under international authority. The Japanese people should be made to understand that they will not be doomed to live as unarmed peasants stripped of machinery in overcrowded islands, but will be admitted to the economic and political benefits of world federation once they renounce aggression and establish a government that can be trusted. It is not merely Japanese imperialism but white imperialism in the Far East which must be ended if our grandchildren can hope for peace.

The disarmament of Japan, as of Germany, is essential. It should be followed at the earliest possible moment by the general and effective renunciation of aggressive armaments by all the nations of the world. The acceptance of this principle must lie at the base of any successful world federation. To replace the anarchy of competitive armaments, ever more capable of bringing destruction to mankind, by general security, must be the chief purpose of federation. I am not preaching an impossible altruism to my own or any other nation when I insist that the intelligent self-interest of all peoples everywhere constrains them to take this road to peace.

In Europe as in Asia, we shall have to choose between peace and vengeance against whole people, between peace and imperial power politics. We cannot have both. The punishment of particular war criminals is one thing; the attempt to destroy Germany as a nation is another. Yet that seems to be the purpose of men in high quarters who make such proposals as the following: (1) Complete and permanent disarmament of Germany while other nations indefinitely maintain their armed strength and police their former foe. (2) Stripping Germany of most of their industries, a virtual sentence of death to millions of people in a country too crowded to live on a peasant economy. (3) The forcible division of Germany into three separate States. Nothing is more likely to promote German discontent and intrigues than this. One or another of the victors themselves will be tempted to play with that discontent to serve their own rivalries for power in a Balkanized Europe. (4) Whether or not Germany is thus divided, Stalin apparently intends to give large sections of German territory to a puppet Poland in compensation for the former Polish territory which he will annex. No scheme could be better devised to curse Poland as well as Germany and to prevent healthy development of a European economy able to support adequately millions of men of various nationalities. (5) Probably Stalin will demand the forced labor of 10 million German workers to rebuild Russia. A similar slavery of Russian political prisoners has already cost millions of lives. That system cannot be perpetrated without prejudizing the interest of free labor throughout the world. How many of these proposals will actually be included in the peace imposed on a Germany crushed into unconditional surrender is fortunately not yet certain. There is still a chance for reason. That the people of the countries which have been Hitler's victims should thirst for revenge is natural. It is, therefore, significant and hopeful that the voice of the underground movement, in so far as we have heard it, is more reasonable than the voice of certain British and American preachers of wrath. Even today our own priests of hatred are a little ashamed to preach pure vengeance and therefore rationalize their demands by a lot of false history and psychology. They forget that we in America have particular reason to keep our heads and to think straight. Our unfortunate experiences in trying to police and reeducate the South by force after the Civil War ought to have taught us something of use to the whole world.

The notion that nobody can be found in Germany with whom we can do business in building a peaceful Europe is wildly improbable, and, if true, is a sentence of death to European civilization. For there is no way whatever under which 80 million industrious and capable people can be controlled from the outside or kept in order for a generation or longer by the might of mutually suspicious victors without poisoning the life of the whole world. There is no better way to make virtue obnoxious than to have it taught by conquerors who scarcely practice what they preach. Imagine, for instance, a British sahib from India or a Congressman from Mississippi as a successful teacher to German youth of the great truth that there is no divinely ordained master race.

A country whose rulers have had to keep at least half a million political prisoners in jails and camps and deceive millions of others by censorship and false propaganda is a country in which an honest effort should discover people capable of constructive revolution. It is precisely this honest effort that the Allied rulers seem afraid to make. A constructive revolution can bring hope to Germany and Europe as a punitive peace cannot. A just peace will not pamper the German people. Already they have suffered horribly for tolerating their Nazi rulers. Perhaps only Russia will have lost a higher proportion of her population in the war and the Russian birth rate and Russian natural resources are far greater than Germany's. Of course, a disarmed Germany must restore loot wherever possible and recompense refugees. She should assent to an arrangement under which the European industrial order which she has built up can be operated for the benefit of all Europe. Beyond this there can be no punitive peace that will be a lasting peace.

Our preachers of hate forget that there was not a responsible historian before this war who held the theory of the sole guilt of Germany for the First World War. The guilt of Germany's rulers of this war is greater, but its truthful historians will not let us forget that behind this tragic calamity was the Peace of Versailles, and at various times aid came to Hitler from capitalists of Europe and America, from the British and French ruling classes and finally from Stalin himself. Nazism was only the worst symptom of the sickness of our whole social, economic and political order. The cure lies in a fresh start by peoples, all of whom have something to forgive and of which to be forgiven. This is the price of peace.

Retail Excise Tax Manual

A 26-page Retail Excise Tax Manual, containing an analysis of the excise tax regulations and many important rulings from the Bureau of Internal Revenue concerning the taxability of specific articles of fur, jewelry, luggage and toilet preparations, has been compiled by the National Retail Dry Goods Association. Also included are scores of articles in the four classifications, listed, for easy reference, under the headings "Articles Taxable at 20%" and "Articles Not Taxable."

Should changes occur in the regulations or lists of taxable and non-taxable items, or if rulings are issued by the bureau, affecting the contents, revision sheets will be prepared and sent to members of the association. The manual is available to non-members—at a nominal charge.

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de Gaule's Committee At Algiers To Receive Working Authority In Liberated Areas

Authority To Rest With Eisenhower

Announcement was made by President Roosevelt on July 11 that he had reached an understanding with Gen. Charles de Gaulle under which the French leader's committee at Algiers would be the working authority for civil administration of metropolitan France. "Thus," said Associated Press accounts from Washington, in reporting this, "the main problem of Franco-American relations during the fighting for the liberation of France had been solved, the President said at his news conference."

From the same advices we quote further as follows:

"The untangling of a controversy which had flared intermittently between de Gaulle and this Government for over two years came at Mr. Roosevelt's two face-to-face talks with the French leader late last week.

"The President said the understanding would be set down in a memorandum which would be signed by de Gaulle, the United States and presumably Britain.

"The draft agreement negotiated in London by Britain and the French Committee will be the basis for the new arrangement, the President said, but it will be rewritten.

"In effect, the understanding will give de Gaulle virtual governmental powers, but Roosevelt emphasized it was not to be a formal agreement. When a reporter asked if the authority agreed upon for de Gaulle made the French Committee a provisional government, the President replied he had not said that.

"As President Roosevelt explained the arrangement, General Dwight D. Eisenhower as Supreme Allied Commander would have clear authority to take all steps necessary in his judgment for military operations and driving the Germans from French soil.

"It will be up to General Eisenhower to declare which zones are ready for civilian administration and which must remain under military control because of battle needs.

"There are no nonmilitary zones in France yet, the President said, reiterating his previous statement that only one-tenth of 1% of France has been occupied by Allied forces.

"The question of currency, which has been a point of dispute between the French and this government, has not yet been settled, the President said.

"Mr. Roosevelt declared, however, he saw no particular reason why de Gaulle's committee should not issue a temporary currency for use until a regular government is established in France.

"The currency which has been given Allied troops now in France was printed in this country and bears no guarantee or backing on its face other than the words "Emis en France" (issued in France). It is just temporary, Mr. Roosevelt said, to meet the minimum needs of soldiers such as money for buying cigarettes and beer.

"Military questions are paramount, the President went on to say, and General Eisenhower would have the power to make sure there was peace and order behind his lines."

Under date of July 11 United Press advices from Algiers said:

"Informed French quarters said today that the proposed French-American agreement differed from the French-British arrangement only in that it more precisely defined General Eisenhower's supreme authority in liberated territory, but no insuperable difficulty was seen in this question.

"General de Gaulle was reliably reported to have cabled to Algiers that he was most pleased with the results of his visit to the United States. He was said to have added that he was most impressed with the American organization for fighting the war, but not so impressed with American views on a post-war international organization."

American Business Congress Heard By Senate Committee On Increasing Commercial Rents

A hearing on commercial rents held in Washington by the Senate Small Business Committee on July 13 was attended by trade and business association executives representing over 5,000 business men employing upwards of 75,000 persons. In addition, many individual tenants made the trip to Washington for the express purpose of indicating to Congress their interest in the protective legislation demanded.

The American Business Congress, a national organization of small independent business men, has been active in seeking to combat the increasing commercial rents and claimed in their statement that reports from coast to coast indicate that rents on stores and lofts are on the increase in dozens of other cities outside of New York.

In a prepared statement made at the hearing, Harold M. Schwab, Executive Director of the Congress, said:

"Only this week we heard of several cases in Philadelphia, among them a building where one tenant is being raised from $18,000 to $30,000 a year and another tenant from $12,000 to $20,000, with five-year leases demanded in each case. Another case is one of our members with a store in Fall River, Mass., where the building was sold, the present lease cancelled and the tenant notified that he would have to sign a new lease at a 75% increase or get out."

"Possibly the final solution will be a law which prohibits a landlord from increasing his rent more than 10% or 12% or a maximum of 15% above the March 1943 level. Many of the landlords are small business men and it is not our desire to harm them. They are entitled to a fair return on their investment but should not be permitted to ask increases outside of all reason.

"We recognize but contest the fact that there are some who assert the problem is purely local and one for solution by New York City or State authorities. Attempts have been made to enact legislation in Albany without success. Even now there is an Assembly committee 'studying the conditions.' But before this committee reports six to eight months will elapse, thousands of leases will expire and come up for renewal and thousands of tenants will be faced with the possibility of going out of business. In addition, we seriously question whether protective State legislation will be upheld by the courts. A powerful lobby has been organized by the real estate interests and you may be sure that in their home State they will exert every influence against State regulation in the future as they have in the past."

The ABC asks that the Senate Small Business Committee give serious consideration to the problem and that "immediately upon Congress being called into its next session your committee initiate the necessary proceedings and fight with all your strength for quick rent relief for the harassed small business man."

Dewey Meets 25 Republican Governors This Wk. At St. Louis For Program Conferences

Gov. Thomas E. Dewey, Republican candidate for President, met with 25 Republican Governors from other States in St. Louis this week, Aug. 2 and 3, for conferences on matters not dealt with in the Republican platform. On July 10 Gov. Dewey had the following to say at Albany regarding the conference:

"There has been a continuing debate ever since the New Deal took office over the area of responsibility as between the States and the Federal Government referring to employment services, the aids to agriculture, particularly centering around the use of land grant colleges; relief, the effort three years ago to federalize unemployment insurance entirely, and, of course, the very large field of taxation in general.

"The purpose of the conference is to consider the areas of responsibility and obligations and how these obligations to the people can best be performed. The conclusions reached will not only serve as a basis for united opinion in the Republican Party on an issue which split the Democratic Party wide open but, even more important, to eliminate the constant and serious friction, after the Republican Administration takes office next January."

Prior to this week's conference, a meeting was held at Albany on July 26, between Gov. Dewey and John W. Bricker, of Ohio, Republican nominee for Vice-President; in advance of the meeting it was stated by the Associated Press (Albany advices July 25) that the visit of Gov. Bricker would afford Gov. Dewey the first opportunity to confer with the Vice-Presidential candidate since they were nominated at the G. O. P. convention in Chicago last month.

On July 27 Gov. Dewey announced a 15-point program of action for the Republican Governors' Conference this week and at the same time told a press conference that he and Gov. Bricker were in full accord on the issues of the campaign. According to the Associated Press, Gov. Dewey said the following subjects would be considered by the Republican Governors:

1. Public expenditures.
2. Public health.
3. Administration of unemployment insurance.
4. Administration of employment services "which were surrendered by these States to the national Government in the war emergency.
5. Relationship of unemployment and unemployment services.
6. Labor, including the sphere of State and national influence.
7. Public works—the extent of direction by national government and finance by national government, by States and locally.
8. Highways, including transcontinental roads and national defense projects.
9. Regulation of all kinds of insurance.
10. Ownership and use of national land. Mr. Dewey said there were States where the Federal Government owns 80% of the land, posing a question of taxation. (Gov. Bricker named Wyoming, Colorado, Utah, Nevada and Arizona as States most seriously affected.)
11. Water and flood control and conservation of natural resources.
12. National Guard, including the question of its continuance as a reserve to the regular army or the possibility of its permanent federalization.
13. Federal and State tax coordination, including the special attention to overlapping and the conflict of tax collections and rates between local and Federal government.
14. Agriculture, including the extent to which Government aids, soil conservation programs and controls should be locally or nationally regulated.
15. Veterans' affairs.

While Gov. Dewey is said to have told reporters he could not say that the conflict between local and Federal governments would become "a major issue of the campaign," he said the decision of the Governors' Conference would have an important bearing on the Republican Party's stand in its drive for the Presidency.

Endorsement of Gov. Dewey's nomination for President was registered on June 28 by 18 Republican Governors attending the party convention at Chicago.

Leaving New York City last Sunday night, July 30, the Governor stopped in Pittsburgh July 31, for conferences with Gov. Edward Martin, the State's Republican congressional delegation and business, labor, agricultural and other leaders.

The following day (Aug. 1) Gov. Dewey was scheduled to arrive in Springfield for similar talks with Gov. Dwight H. Green and Illinois members of Congress. He also is expected to visit the tomb of Abraham Lincoln in the Illinois capital city.

Industry Group To Study Labor Problem

Under date of July 23, Associated Press advices from Washington in the New York "Journal of Commerce," stated that Chairman Paul V. McNutt of the War Manpower Commission over the week-end announced formation of a committee of nine industry representatives to study ways of conserving and fully utilizing labor forces to meet critical shortages.

To be known as the WMC industry associations committee, the group represents 750 industries, divided into 12 groups.

"The function of the committee," McNutt said, "will be to encourage specific industries and industrial groups to co-operate in the exchange of applied new discoveries, ideas and methods that have resulted in a reduction of manpower requirements."

It also will be responsible, he said, for "discovering and encouraging adoption of good manpower utilization practices and will aid in removing obstacles in the way of fuller utilization of workers."

Members of the committee and industries they will represent:

Manufacturing — Col. W. F. Rockwell, Pittsburgh, Pa., Chairman of the board, Timken-Detroit Axle Co.

Transportation, Communication and Public Utilities—John J. Pelley, Washington, D. C., President, and E. H. Bunnell, Washington, D. C., Vice President, Association of American Railroads.

Electrical and Miscellaneous Industries—Ralph J. Cordiner, New York, assistant to the President, General Electric Co.

Service Industries — Frank A. McKowne, New York, President, Statler Hotel Corporation.

Lumber, Printing and Paper—Ben R. Ellis, Jacksonville, Fla., Secretary-Manager, Southern Cypress Manufacturing Association.

Mining and Petroleum — William A. Off, Huntington, W. Va., former President of American Zinc, Lead & Smelting Co.

Finance, Insurance, Real Estate —Morgan L. Fitch, Chicago, President, Illinois Association of Real Estate Boards.

Textile and Leather—Frank L. Walton, New York, Vice President, Catlin Farish Co., Inc.

N. Y. Stock Exchange Suspends Paul W. Havener

The Board of Governors of the New York Stock Exchange on July 21, suspended for a period of six months Paul W. Havener, an allied member of the Exchange. Mr. Havener, after a trial by the Board of Governors, at which he was present, was found guilty "of (1) having on a number of occasions entered a single order to buy a certain security for an account in which he had an interest and for an account or accounts over which he had discretionary authority, and having received executions at varying prices, he allocated the most advantageous price or prices to the account in which he had an interest and the less advantageous price or prices to the other accounts, such allocations having operated to the disadvantage of the customers over whose accounts he had discretionary authority, and (2) of having violated the constitution and rules of the Exchange in that he had, in consideration of obtaining the business of a customer, paid to the friend of that customer monthly compensation based upon the commissions earned in the account, even though the said person did not report for duty at the office of the member firm or render any services to it."

With respect to the first charge, evidence was presented by Mr. Havener indicating that he had an understanding with customers over whose accounts he had discretionary authority that the stock first purchased should be allocated to his wife's account.

Mr. Havener was a general partner of the firm of Pyne, Kendall & Hollister—Reynolds, Fish & Co., later known as Mallory, Hollister & Co., during the period covered in the charges. Mr. Havener has been a general partner since Feb. 1, 1944, of Mallory, Adee & Co.

* * *

Section 6 of Article XIV of the Constitution of the New York Stock Exchange, the violation of which was charged against Mr. Havener, reads as follows:

"A member or allied member who shall be adjudged guilty, by the affirmative vote of a majority of the Governors then in office, of a violation of the Constitution of the Exchange or of a violation of a rule adopted pursuant to the Constitution or of a violation of a resolution of the Board of Governors regulating the conduct or business of members or allied members or of conduct or proceeding inconsistent with just and equitable principles of trade may be suspended or expelled as the Board may determine."

According to the New York "Times," this is the first time that the Exchange has ever disciplined an allied member without at the same time punishing the floor member of the firm involved. This was made possible by a change in the constitution that became effective on Jan. 1, 1939. Until then, when all allied members were required to sign the constitution, allied members could not be punished and floor members — full members of the Exchange — had to be punished for the acts of their partners, even though they might be ignorant of them.

The New York Curb Exchange, of which Mr. Havener is a regular member, took action similar to the New York Stock Exchange. As Mr. Havener had agreed with the Curb to let the record of the proceedings against him before the Board of Governors of the Stock Exchange govern its own decision, it was unnecessary for the Curb to hold hearings or conduct a formal trial in his case.

Operating Expense Rates Of Life Ins. Business At Lowest Point In More Than Decade

The operating expense ratio of the life insurance business has not increased during this war as it did in World War I, and is today at the lowest point in more than a decade, according to the Institute of Life Insurance. In spite of the increases in costs and wage levels that have occurred since the bottom of the depression, the ratio has remained fairly constant over a 10-year period, said the Institute under date of July 26. Last year's ratio of operating expenses, including all sales and management costs, to income for all U. S. companies was approximately 13%, which compares with 13.9% in 1942 and 14% in 1941, the Institute reports. In its further information it says:

"The ability of the companies to hold the expense ratio relatively constant during this period is an index of the success achieved by efforts to increase operating efficiency. The significance of the accomplishment is emphasized by the fact that there has been a steady expansion during the period in the services to policyholders and beneficiaries. Total life insurance in force by the companies is 16% greater than at the outbreak of war and 46% greater than 10 years ago. In addition, the services to policyholders and beneficiaries have been increased notably in connection with the payment of policy proceeds on an income basis. This development of the business which has largely occurred in the past 10 years involves literally millions of transactions a year in the handling of principal sums and the payment of income, representing together an additional service beyond that formerly rendered when the cash payment of a policy terminated the relationship."

The records show that in contrast to the experience in this war, the operating expense ratio rose in each year of the last war, the rise continuing to a peak in 1920. The expense ratio today is substantially below the ratio of that period.

Norman Thomas Accuses President Roosevelt Of Pushing No Progressive Legislation Since 1937

In an open letter dated July 25 to Prof. Reinhold Niebuhr, Chairman of the Union for Democratic Action, Norman Thomas, Socialist Candidate for President, stated that the Republican and Democratic platforms are "virtually interchangeable," and that President Roosevelt "has pushed no progressive legislation since 1937."

"Before the war," Mr. Thomas stated, President Roosevelt "had not conquered unemployment but stabilized it and subsidized the unemployed at a level of about 23% of the workers. He advocated total conscription of human beings in war and gives signs of supporting permanent military conscription of our youth in peace. He has no program adequate to the conquest of poverty and his underwriting of white supremacy in the Far East and the Balkanization of Europe between Moscow and London is an invitation to new wars."

Mr. Thomas insisted that it was not necessary for citizens to throw away votes by supporting either Democratic or Repupblican candidates, and called on Prof. Niebuhr and his associates to rally to the banner of the Socialist Party to assure "pressure for a decent peace and for freedom and plenty with which the cause of peace is bound up."

Lord Keynes Discusses Bretton Woods Results

(Continued from first page)

watched and welcomed in the outside world. How much better that our projects should begin in disillusion than they should end in it! We perhaps are too near to our own work to see its outlines clearly. But I am hopeful that when the critics and the sceptics look more closely, the plans will turn out to be so much better than they expected, that the very criticism and scepticism which we have suffered will turn things in our favor.

"Finally, we have perhaps accomplished here in Bretton Woods something more significant than what is embodied in this Final Act. We have shown that a concourse of 44 nations are actually able to work together at a constructive task in amity and unbroken concord. Few believed it possible. If we can continue in a larger task as we have begun in this limited task, there is hope for the world. At any rate we shall now disperse to our several homes with new friendships sealed and new intimacies formed. We have been learning to work together. If we can so continue, this nightmare, in which most of us here present have spent too much of our lives, will be over. The brotherhood of man will have become more than a phrase.

"Mr. President, I move to accept the Final Act."

Results Of Treasury Bill Offerings

The Secretary of the Treasury announced on Aug. 1 that the tenders for $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated Aug. 3 and to mature Nov. 2, 1944, which were offered on July 28, were opened at the Federal Reserve Banks on July 31.

The details of this issue are as follows:

Total applied for, $2,010,374,000.
Total accepted, $1,214,112,000 (includes $57,549,000 entered on a fixed price basis at 99.905 and accepted in full.)

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(52% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 3 in the amount of $1,017,106,000.

With respect to the previous week's offering of $1,200,000,000 or thereabouts of 91-day Treasury bills to be dated July 27 and to mature Oct. 26, 1944, which were offered on July 21, were opened at the Federal Reserve Banks on July 24.

The details of this issue are as follows:

Total applied for, $2,177,348,000.
Total accepted, $1,214,292,000 (includes $56,082,000 entered on a fixed price basis at 99.905 and accepted in full.)

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(48% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 27 in the amount of $1,015,902,000.

House Committee Finds 24% Of Land In U. S. Owned By Government; Propose Early Resale

A House subcommittee recently reported that 24% of all land in the continental United States was under Federal ownership. The Associated Press advices from Washington in the matter stated:

The report, prepared by a Public Lands subcommittee, headed by Representative Peterson, Democrat, of Florida, proposed speedy return to private ownership of lands and properties no longer needed for the public benefit.

The report was drawn up after more than a year of hearings and will be considered by the full committee when Congress reconvenes.

Legislation already passed by the House provides that steps be taken to determine which lands are suitable for homestead entry, and that existing laws be amended to grant the same homestead preference rights to veterans of the present war as extended to veterans of other wars.

The report shows that 455,171,123 acres, or 24% of continental United States, are owned by the Government. Adding 365,528,912 acres in Alaska, Hawaii, Puerto Rico and the Virgin Islands, the aggregate is 820,700,035, or 36% of all United States possessions.

Reference was made in our July 20 issue, page 313, to an announcement on July 11, by the Surplus War Property Administration that all surplus owned real estate, except industrial real estate, Maritime Commission property, and property controlled by the National Housing Agency and Federal Works Agency had been assigned to the Reconstruction Finance Corporation for disposal.

The Associated Press reported on July 23, that the Government will follow a policy of selling its surplus real estate in family-size parcels and to farm purchasers who will cultivate the land themselves, W. L. Clayton, Surplus War Property Administrator, announced. These advices from Washington added.

"The statement replied in part to criticism of the surplus farm land disposal program by James G. Patton, President of the National Farmers Union.

Mr. Patton in a statement two weeks ago opposed assignment of the sales job to the Reconstruction Finance Corp., predicting domination of the disposal program by the National Association of Real Estate Boards and further control of agriculture by big interests.

"The Government has acquired large acreages of land for war purposes which it will not need when hostilities end.

"Mr. Clayton, in an outline of general policies to be followed by the RFC on real estate other than industrial property, set forth these additional objectives:

"To sell as promptly as possible at current values without undue disruption of the market;

"To sell outright, reserving the right of Government recapture only if national defense requires;

"To give former owners an opportunity to repurchase their land at current market values;

"And to avoid sales to speculators or persons planning to combined small tracts into large ones for speculative purposes.

Mutual Savings Bank Deposits, Assets And Depositors Reach New Records

New records for individual thrift by a large group of the American people are indicated in figures for the first six months of the year just reported by the National Association of Mutual Savings Banks. "These record figures show that the American people willingly and wholeheartedly are cooperating in the war effort, at the same time providing themselves with capital for the future," said Isaac W. Roberts. President of the Association and President of The Philadelphia Saving Fund Society. "It is inspiring to see the national mission advancing with such strong support by individual citizens."

In this new period of record saving, deposits increased $721,060,516 in the half year for all mutual institutions, operating in 17 states, the Association announced on July 31. "This increase brought the total of deposits, including special purpose accounts, to $12,428,085,564," said the Association, which added:

"The gain in assets almost reached $100,000,000 above the gain in deposits—this total gain amounting to $816,122,108, placing the combined assets account at $13,858,953,776.

"Meanwhile, depositors were increasing in number as well, the gain in accounts during the first six months being 390,524, bringing the total to 16,102,735, the first time that mutual savings bank accounts exceeded the 16,000,000 mark. Of this number, 13,101,235 represented 'regular accounts,' the remainder being devoted to special purposes, among which Christmas Clubs were the most popular, numbering 1,412,945, with deposits of $56,991,137.

"Total surplus account likewise gained in the half year, rising by $57,274,994, this account standing at $1,383,903,557. The increase signified a substantial surplus ratio exceeding 11 cents additional protection for each dollar held upon deposit.

"The average account in the 17 'mutual states' rose by $26.71 to $771.80. This figure reflected every type of account, the average for 'regular accounts' having the higher rating of $942.33.

"The average rate of dividends continued to indicate investment difficulties, the figure for the 17 states being 1.78%, computed upon an individual deposit basis.

"In this same period of record savings, preliminary figures compiled by the association indicate that these institutions purchased for their own account $1,462,246,000 of Government securities during the Fifth War Loan. The association had set as a goal the figure of $1,000,000,000 for such purchases and, accordingly, subscriptions were made to the extent of 146% of the quota.

"A goal of $50,000,000 was set for the sales of War Savings Bonds and Stamps by mutual savings banks to the public. Sales during June alone reached $49,006,016, so that it is anticipated by the time July figures are compiled the goal may have been almost doubled."

N. Y. State Factory Jobs Drop 1.3%; Payrolls Decline 0.7% In June

Drastic cuts in employment and payrolls at some of the war plants in New York State were the outstanding development in the labor market in June, Industrial Commissioner Edward Corsi announce on July 18. Total factory employment dropped 1.3% between May and June; payrolls declined 0.7%. Many other industries also had fewer employees in June, including textiles, furniture, paper, printing, chemicals, rubber and leather, said the Commissioner, who went on to say:

"Additional workers were hired for the manufacture of certain articles of food and clothing in accordance with seasonal demand. The tobacco and lumber industries also had larger working forces and higher payrolls in June.

"The index of factory employment based on the average of 1935-1939 as 100 was 147.4, which represents a decrease of 7.6% from June a year ago. The payroll index was 282.4, a drop of 1.9% since last June. Average weekly earnings were $47.92 in June compared with $47.19 in May, and $44.72 in June a year ago. The foregoing statements are based on preliminary tabulations by the Division of Statistics and Information under the direction of Dr. E. B. Patton and cover reports from 2,700 factories in New York State.

"Large numbers of workers were dropped from the payrolls of aircraft and shipbuilding plants between May and June. Producers of electrical equipment also lost many workers and reduced payrolls, while plants making communication equipment had fewer employees but higher payrolls. Steel mills and smelters of nonferrous metals reported larger payrolls with fewer workers. The employment drop for the metals and machinery group as a whole was 3% accompanied by a payroll decline of 2.8%.

"Fairly large employment and payroll increases of 5 and 5.5% respectively were recorded for the food industry. The canning industry increased its working force by one-third between May and June and payrolls advanced accordingly. Sugar refineries, candy factories, breweries, and manufacturers of soft drinks and ice cream reported moderate increases in employment and payrolls. A 10% wage rate increase was granted by one ice cream plant. Meat packers had fewer employees and lower payrolls, while grain mills and bakeries had fewer employees with higher payrolls.

"In the apparel industry a small gain in employment of 0.6% was accompanied by an advance of 3.1% in payrolls. Women's suit, coat and skirt factories accounted for a large part of these increases, expanding their forces for the coming season. Men's tailoring firms also had increases with some overtime. Shirt factories and children's clothing firms had fewer workers with larger payrolls. Decreases in employment and payrolls were reported by firms making women's dresses, lingerie, blouses, neckwear, hats and accessories. Furriers continued to have a busy season."

Commissioner Corsi concluded his report by saying:

"Practically every branch of the textile industry except woolen mills and plants making hat bodies reported losses in employment. One hat firm resumed operations following labor troubles in April and May. Cotton. knitting and finishing mills had higher payrolls despite employment losses. Cancellations of war contracts caused decreases in furniture factories. Paper mills had fewer workers on slightly lower payrolls while printing firms lost employees but increased payrolls a little. Newspaper publishers reported a slight gain in employment. In the leather industry, shoe manufacturers had fewer workers but larger payrolls while glove and handbag firms reported decreases in both employment and payrolls. In the chemical group manufacturers of rayon and other synthetic fibers hired additional workers but employment fell off in all the other branches of the industry such as drugs, cosmetics, paints and fertilizers. In the stone, clay and glass group, employment increased in the glass, cement, tile and brick industry but these gains were wiped out by larger decreases in pottery, gypsum and abrasives."

Dumping Of Surplus Aircraft Barred

W. L. Clayton, Surplus War Property Administrator, on July 26 outlined the first comprehensive program for disposal of the thousands of airplanes and parts which will become surplus at the end of the war, warning that dumping of the surplus aircraft, regardless of price, "is not to be considered."

The program was outlined in a report of the SWPA's Surplus Aircraft Advisory Subcommittee, which was appointed by Mr. Clayton on March 9, 1944.

The subcommittee, after a series of meetings with representatives of the aircraft manufacturing industry, air transport companies, labor and others, recommended that surplus aircraft which have not been disposed of three years after the end of the war should be classified as unabsorbed surplus to be utilized only for nonflight purposes, salvage and scrapping.

All types of planes should be disposed of "in an orderly and controlled manner, at reasonable prices, utilizing normal trade channels."

The subcommittee also concluded that:

The only important market for tactical aircraft will be Governments of friendly foreign nations, although there may be small specialized commercial or private use for observation, photo-reconnaissance, and a few other types of planes.

Transport aircraft should be sold "as is," leaving purchasers to convert and overhaul them. Aircraft manufacturers should be permitted to act as Government sales agents "for a reasonable fee." Prices should be uniform to domestic and foreign purchasers.

Personal aircraft for which there is an active demand should be sold "as is" for cash as promptly as possible. A "reasonable number" of trainers should be stored for future use in college-type training programs.

Engines, propellers and other larger and more complex items should be consigned to the original manufacturers for inspection and disposal. Prices should be established on a basis that will encourage technical development. Sale of blind-flying equipment for training purposes should be encouraged.

Unabsorbed surpluses should be used for ground and shop training, exhibition, experiments and memorials, or scrapped within six months if there can be found no permissible uses for any aircraft and equipment.

Mr. Clayton indicated that, until the war is won, only a small number of aircraft is likely to become surplus. The number of aircraft to be declared surplus after the war will depend largely on the size of our permanent armed forces, he said.

The Reconstruction Finance Corporation has started the job of selling about $60,168,000 worth of surplus army and navy aircraft, including trainers, cargo carriers, transports, bombers and gliders, according to a United Press dispatch from Washington, D. C., on July 27, which added that there are 5,129 planes available.

June War Costs At New High

War expenditures by the United States Government hit a new monthly high in June of $7,957,000,000, an increase of $39,000,000 or 0.5% over May expenditures, according to figures compiled by the U. S. Treasury and announced on July 15 by the War Production Board, which also reported:

Average daily war expenditures in June amounted to $306,000,000, an increase of 4.3% over the daily rate in May of $293,300,000. This is the second time that the daily rate has passed the $300,000,000 mark. Expenditures per day had previously reached $312,300,000 in February of this year.

The daily rate is based on the 26 days in June, the 27 days in May and the 25 days in February upon which checks were cleared by the Treasury.

For the fiscal year 1944, United States war expenditures amounted to $89,900,000,000 compared to $75.100,000,000 expended in fiscal 1943, or an increase of almost 20%.

From July 1, 1940, through June 30, 1944, expenditures by the United States Government for war purposes amounted to $199,900,000,000.

These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries.

War expenditures and the average daily rate between the first quarter of 1941 and June, 1944, inclusive, are given in the following table:

UNITED STATES WAR EXPENDITURES—MONTHLY AND DAILY RATE
January, 1941—June, 1944
(In Millions of Dollars)

	Monthly Expenditures	Number of Days Checks Were Cleared	Daily Rate
1941—			
1st quarter monthly average	$684	25	$27.4
2nd quarter monthly average	897	26	34.5
3rd quarter monthly average	1,253	26	48.2
4th quarter monthly average	1,797	25	71.9
1942—12-month total	52,406	310	169.1
1943—12-month total	85,135	312	272.9
1944—			
January	7,416	26	285 2
February	7,808	25	312.3
March	7,948	27	294.4
April	7,493	25	299.7
May	7,918	27	293.3
June	7,957	26	306.0

New Redemption Plan For War Bonds Soon

A new war bond redemption plan will be put into effect within the next 60 days so that bondholders may receive cash immediately instead of having to wait a matter of days or weeks, Henry Morgenthau, Jr., Secretary of the Treasury, revealed on July 27. United Press advices from Washington, reporting this, also said:

"He told a press conference that under the new plan bonds will be redeemed at any commercial bank, simply upon presentation and proof of identity, at their full purchase price plus whatever interest may be due.

"It was understood from other sources that officials hoped the program would cut the redemption rate for war bonds, on the psychological theory that redemptions would be reduced by making the process simpler and quicker."

It was explained by the Associated Press that as an accommodation to special customers, many banks already handle redemptions, but there is a lag in payment, since the banks send them to Federal Reserve banks and the seller must wait for payment.

At present the rate of redemptions of savings bonds is about $7,500,000 a day, it was stated in advices to the "Wall Street Journal" from its Washington bureau, which added that Treasury officials, say this is $1,000,000 to $1,500,000 less than the recent daily average.

May Building Permit Valuations 21% Over April, Labor Department Reports

Building construction started in urban areas of the United States during May was valued at $109,000,000, exceeding the April total by 21%, according to the report of Francis Perkins, Secretary of Labor, which stated that "this was the first month in 1944 to show a gain over the corresponding period of the previous year"; she also said:

"Both Federal and non-Federal building construction increased in May—31 and 16% respectively. The value of new residential construction started during this month rose by 18% over the previous month, new non-residential by 28%, and additions, alterations, and repairs by 15%.

The Secretary of Labor's report went on to say:

"The volume of work started during this month was 4% greater than in May a year ago, with a decline in Federal construction of 6% which was more than offset by an increase of 10% in non-Federal construction. Both new non-residential building and additions, alterations, and repairs increased by more than half during this same period, whereas new residential building was almost two-fifths less, with sharp declines in both Federal and non-Federal work.

SUMMARY OF BUILDING CONSTRUCTION IN ALL URBAN AREAS, MAY 1943 APRIL AND MAY 1944

	—Number of buildings—			—Valuation—		
		Percentage change from—			Percentage change from—	
Class of Construction—	May 1944	April 1944	May 1943	May 1944 (In thousands of dollars)	April 1944	May 1943
All building construction	67,643	+26.6	+ 8.1	108,728	+21.0	+ 4.1
New residential	9,159	+11.6	—48.6	34,621	+17.5	—37.4
New nonresidential	8,189	+15.5	— 1.6	46,986	+27.6	+50.4
Additions, alterations, and repairs	50,295	+31.9	+38.0	27,121	+15.2	+51.5

Miss Perkins' report continued:

"The total of 11,145 family dwelling units for which permits were issued or Federal contracts awarded during May was 16% above the April figure, but less than half of that for May, 1943. Thirteen percent of the May, 1944 total, or 1,402 units, was in Federal war housing projects. A year ago Federally financed units accounted for 40% of the total. The 9,743 privately financed dwelling units were 14% more than the number started in April and 21% less than in May, 1943.

"Data from building permits are collected by the Bureau of Labor Statistics directly from local building officials in every State except Illinois, Massachusetts, New Jersey, New York, North Carolina, and Pennsylvania, where State departments of labor collect and forward the data to the Bureau. Notifications of contracts awarded for Federal and State projects, for which building permits are not ordinarily required, are sent in directly by the agency awarding the contract.

"Figures on building construction shown in this report cover the entire urban area of the United States, which, by Census definition, includes all incorporated places with a population of 2,500 or more in 1940 and, by special rule, a small number of unincorporated civil divisions. Valuation figures, the basis for statements concerning volume, are derived from estimates of construction costs made by prospective private builders when applying for permits to build and the value of contracts awarded by Federal or State Governments. No land costs are included. Unless otherwise indicated, only building construction within the corporate limits of cities in urban areas is included in the tabulations.

"Reports of building permits were received in May, 1944, from cities containing between 80 and 85% of the urban population of the country and provide the basis for estimating total number of buildings and dwelling units and valuation of private urban building construction. The same data for Federally financed urban building construction are compiled directly from notifications of construction contracts awarded as furnished by Federal agencies.

"All figures for the current month are preliminary. Major upward revisions in Federally financed non-residential construction may be expected as a result of late notifications of contracts awarded.

"The cumulative value of building construction started in urban areas of the United States thus far in 1944 was $453,610,000 or 16% less than the $542,304,000 for the first five months of 1943. During this period Federal building construction declined over one-half, while non-Federal building increased by a third. The volume of new residential building was 37% less than last year and new non-residential construction 15%. Additions, alterations, and repairs increased 51%.

	—Total—			—Federal—		
	—First 5 Months—			—First 5 Months—		
	1944	1943		1944	1943	
Class of construction—	(In thousands of dollars)		Percentage change	(In thousands of dollars)		Percentage change
All construction	453,610	542,304	—16.4	149,627	313,149	—52.2
New residential	162,371	257,740	—37.0	24,831	126,825	—80.4
New nonresidential	176,635	208,680	—15.4	119,219	177,629	—32.9
Additions, alterations and repairs	114,884	75,884	+51.0	5,577	8,695	—35.9

"Four-fifths of the dwelling units started in the first five months of 1944 were privately financed as compared with over two-fifths during the same period of 1943. While there was virtually no change in the number of privately financed units, the 1944 valuation of $136,930,000 was 5% greater than in 1943.

"One-family units have shown an increase of 10% in number thus far in 1944, while 2-family and multifamily dwellings have decreased 19 and 25% respectively.

"The Pacific and East North Central States ranked highest in valuation of all urban building construction started in May. Together they accounted for more than half of the total valuation. Increases over the preceding month occurred in the Middle Atlantic, South Atlantic, East South Central, West South Central, Mountain, and Pacific States, whereas the three other regions showed declines when compared for the same periods.

"Non-Federal construction begun during May was 16% more than in April, resulting from increases in 8 of the 9 regions, ranging from 61% in the Mountain States to 4% in the Pacific States. Only the West North Central States showed a decrease.

"Five geographic divisions contributed to the 4% increase in valuations of all building construction started during May, 1944, as compared to May, 1943. The volume of privately financed construction started during May exceeded that of a year ago in the six regions and resulted in a 10% increase. Federally financed construction dropped sharply in all but the South Atlantic and Pacific regions, but showed only a decrease of 6% over May, 1943, because of the large increases in these two regions.

Steel Output Increased—War Needs Rise—Order Cancellations Offset By New Orders

"In the midst of optimistic war news from various fronts the steel industry this week found itself in a tighter delivery situation than at any time since the war began," the "Iron Age" states in its issue of today (Aug. 3), further adding: "Although steel ingot output rose slightly this week, this was more than offset by a heavy volume of steel business which has been increasing in the past few weeks. Practically no steel producer this week was able to show a decline in total backlogs.

"Post-war planning, while becoming more of a general topic of discussion than it has been at any time heretofore, has affected the steel industry to a minimum so far. Sample orders are not materializing, and inquiries traceable to probable post-war activity have not appeared. Coincident with this is the extreme low point in the number of steel order cancellations. Those which have appeared recently have been more than offset by new orders.

"The placement of orders for and the production of shell steel was still the center of attention in the steel industry this week. Production programs involving rails and structural steels have already been pushed back on order books so as to expedite the production of shell steel which is taking vast quantities of semi-finished material.

"As far as steel deliveries are concerned certain types of plates are not obtainable until February, 1945, while others may be had in December. Structural steels are being promised by some makers for December delivery and later although this situation might not continue owing to the shell steel program. Strip steels, carbon bars, and cold rolled sheets are being promised as far ahead as February next year, while hot rolled sheet deliveries are being promised for January and February of next year. The alloy steel picture is apparently staging a temporary comeback in view of the tank program as well as replacement parts needed for guns, landing craft and other war materials. Delivery promises among various producers are not necessarily uniform, but this situation is often balanced by weekly changes due to receipt of additional war orders.

"Tinplate demand this week was stronger than ever with most mills booked well through to the end of the year."

The American Iron and Steel Institute on July 31 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.9% of capacity for the week beginning July 31, compared with 95.9% one week ago, 94.3% one month ago and 97.7% one year ago. The operating rate for the week beginning July 31 is equivalent to 1,735,800 tons of steel ingots and castings, compared to 1,717,800 tons one week ago, 1,689,200 tons one month ago, and 1,702,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 31 stated in part as as follows:

"Despite optimistic hopes of early termination of the European phase of the war munitions orders continue heavy, fourth quarter requirements now in the hands of the War Production Board showing considerable increase over third quarter.

"Principal emphasis, as for some time past, is on merchant and naval ships and heavy shells. Needs are expanding for combat tanks, landing mats and trucks and word is being expected momentarily on distribution of about 35,000 freight cars, mainly for the Army, for export. A substantial number of locomotives is being placed by the armed forces for shipment abroad.

"While pressure is heavy for nearby shipment, orders already booked are so urgent that directives are not as numerous or large as might be expected. This pressure is reflected in warehouse activity, some distributors doing a record volume of business, limited only by tonnage in stock and shortage of labor.

"Pig iron production in June totaled 5,056,627 net tons, compared with 5,342,866 tons in May, which was a near-record month, but well above the 4,836,283 tons made in June, 1943. For the first six months this year output was 31,481,620 tons, compared with 30,343,443 tons in the comparable period last year.

"Tin plate production under present limitations is at about 60% of capacity for dipped plate and 40% for electrolytic and until production of general line cans is released there seems little likelihood of an increase. Use of aluminum for containers is urged by aluminum producers on the ground that while the cost is slightly higher other factors are favorable and price to the consumer would be little higher than for tin plate."

FDR Wires Truman Congratulations

A telegraphic congratulatory message was sent by President Roosevelt to Harry S. Truman, with the latter's nomination for the Vice Presidency, in which the President said:

"I send you my heartiest congratulations on your victory. I am of course very happy to have you run with me. Let me know your plans. I shall see you very soon."

Mr. Truman in his reply stated:

"Thank you, Mr. President. I am happy to be your running mate. I will be in Missouri until Aug. 1, our primary day. I am at your command and want to see you soon."

The President's message to Chicago was sent while he was on the Pacific Coast.

Under date of July 22 United Press advices from Washington stated that the Federal Communications Commission officials indicated on that day that the transmission of the congratulatory telegram from President Roosevelt to Senator Truman probably was a violation of the Government ban on such messages.

These advices added:

"Chairman James L. Fly and Commissioner E. K. Jett, members of the Board of War Communications, which issued the ban late in 1942, did not comment, but other officials said the order appeared to make no exceptions to any message conveying sentiments of felicitations.

"These officials, however, dismissed the matter as being 'the responsibility of the Western Union, and particularly of the individuals who accepted the telegrams and authorized their transmission.'

"They said they know of no penalties for violations."

In the New York "Times" of July 25 it was stated:

"J. L. Egan, Vice President of Western Union Telegraph Company, said yesterday that his company had transmitted President Roosevelt's message of congratulations to Senator Harry S. Truman, his running mate, because 'presumably it constituted an exception' to the general ban on congratulatory messages.

" 'If the President had the authority to authorize the issuance of the ban he has the authority to modify, alter or rescind it,' Mr. Egan said."

Wounded Get Transport Preference On Trains

Transportation preference and priorities for disabled military, naval and merchant marine personnel are provided to assist the nation's railroads in their plans for handling military casualties, in a certification and order announced on June 23 by the Office of Defense Transportation and the Interstate Commerce Commission. The announcement added:

Today's action provides for cancellation of reservations, space assignments or tickets and permits the railroad to require passengers to vacate space and accommodations when necessary to provide space for casualties.

In addition the action requires the railroads, when necessary, to divert transportation facilities or cancel or discontinue passenger train service, and to refuse permission to passengers, other than invalid troops and their attendants, to board passenger trains.

Col. J. Monroe Johnson, Director of ODT, in a letter to J. J. Pelley, President of the Association of American Railroads, said issuance of the enabling certificate and order "will give the railroads full legal support in carrying out their plans and enable them to act without fear of unthinking opposition.

The joint plans set up by the railroads and the medical and transportation branches of the armed services were outlined by Mr. Pelley in a letter written earlier in the week to Col. Johnson. Mr. Pelley said the arrangement provides that the armed services will give the railroads advance notice of movements planned, to the greatest extent possible. Necessary contacts between railroads serving hospitals and port areas have been established, he said, and machinery for transmitting information and securing action has been set up.

"In any event," Mr. Pelley said, "the railroads will see to it that the necessary sleeping car space is available, regardless of any interference with other traffic which might result."

ODT Certificate of Preference and Priority No. 3 and ICC Order No. 213, announced today and effective as of 12:01 a. m., June 27, state in part that:

"Every common carrier by railroad and every sleeping car company shall afford preference and priority in transportation over all other traffic to invalid service men whether transported pursuant to a medical certificate or not, and their attendants, en route to or from a point of hospitalization and, whenever and to the extent necessary to afford such preference and priority, shall:

"(1) Divert equipment and transportation facilities and supplies from use in freight or passenger service;

"(2) Cancel or discontinue passenger train service; and

"(3) Refuse permission to passengers, other than invalid servicemen and their attendants, to board passenger trains."

The order and certificate further state that whenever disabled servicemen are to be transported pursuant to a medical certificate, every carrier shall also, if necessary:

"Cancel reservations and space assignments, or tickets therefor; and cause and require passengers to vacate, prior to departure of a train from point of origin or at any time of the day or night thereafter, the space and accommodations occupied by them."

Ticket agents, passenger conductors and sleeping car conductors are appointed in the order as agents of the Interstate Commerce Commission to designate what tickets or space are to be cancelled, and which passengers are to be refused permission to board trains.

Wholesale Prices Practically Unchanged For Week Ended July 22, Labor Department Reports

Commodity prices at the primary market level fluctuated within a very narrow range during the week ended July 22," said the U. S. Department of Labor on July 27, which also said that "seasonally higher prices for certain fruits and vegetables were offset by weakening prices for grains, cotton, hogs and sheep. The Bureau of Labor Statistics' index remained unchanged at 103.9% of the 1926 average." The all-commodity index is 0.2% higher than for the corresponding week of June and in the past year it has risen 1%, stated the U. S. Department of Labor, which added:

"Farm products and foods—Led by declines of more than 1% for grains and 2% for cotton, average prices for farm products in primary markets dropped 0.1% during the week. Quotations for rye were down nearly 5% and wheat and oats about 1.5%. Livestock and poultry declined 0.2% with lower prices reported for hogs, sheep, and live poultry in the Chicago market. Prices were higher for cattle and for live poultry at New York. The movement in prices for fruits and vegetables was mixed. White potatoes at Boston and oranges were substantially higher, while white potatoes at New York and apples and potatoes at Chicago declined. In the past four weeks average prices for farm products have risen 0.9%; they are, however, 0.6% lower than at this time last year.

"Influenced largely by an increase of 2% for fruits and vegetables and slightly higher prices for eggs, market prices for foods advanced 0.4%. Quotations were lower for rye flour and cured pork. At 106.0% of the 1926 level, the foods group index is 1.0% higher than at this time last month but 0.9% lower than for the corresponding week of last year.

"Industrial commodities — Industrial commodity markets remained relatively steady. Minor increases during the week in prices for worsted yarn and for bituminous coal brought the indexes for textile products and fuel and lighting materials up 0.1%. Quicksilver prices rose 5%; but the increase, was not sufficient to affect the index for the metals and metal products group. Slightly higher prices for common building brick in some areas, together with higher prices for spruce lumber and rosin, brought average prices for building materials up 0.1%."

The following notation was also included in the Labor Department's report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Stastistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index number for the principal groups of commodities for the past three weeks, for June 24, 1944 and July 24, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from July 15 to 22, 1944.

WHOLESALE PRICES FOR WEEK ENDED JULY 22, 1944

(1926=100)

						Percentage change to July 22, 1944 from—		
Commodity Groups—	7-22 1944	7-15 1944	7-8 1944	6-24 1944	7-24 1943	7-15 1944	6-24 1944	7-24 1943
All commodities	*103.9	*103.9	*103.9	*103.7	102.9	0	+0.2	+ 1.0
Farm products	124.1	124.2	124.1	123.0	124.8	—0.1	+0.9	— 0.6
Foods	106.0	105.6	106.0	104.9	107.0	+0.4	+1.0	— 0.9
Hides and leather products	116.8	116.8	116.8	117.7	118.4	0	—0.8	— 1.4
Textile products	97.4	97.3	97.3	97.3	96.9	+0.1	+0.1	+ 0.5
Fuel and lighting materials	83.9	83.8	83.8	83.8	81.8	+0.1	+0.1	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.8	0	0	0
Building materials	115.9	115.8	115.8	115.9	110.6	+0.1	0	+ 4.8
Chemicals and allied products	105.2	105.2	105.4	105.3	100.1	0	—0.1	+ 5.1
Housefurnishing goods	106.0	106.0	106.0	106.0	104.4	0	0	+ 1.5
Miscellaneous commodities	93.3	93.3	93.3	93.3	92.1	0	0	+ 1.3
Raw materials	113.8	113.9	113.8	113.2	113.3	—0.1	+0.5	+ 0.4
Semimanufactured articles	93.8	93.7	93.7	93.7	92.7	+0.1	+0.1	+ 1.2
Manufactured products	101.1	101.0	101.1	101.1	99.8	+0.1	0	+ 1.3
All commodities other than farm products	*99.5	*99.5	*99.5	*99.5	98.3	0	0	+ 1.2
All commodities other than farm products and foods	*98.7	*98.6	*98.7	*98.7	97.1	+0.1	0	+ 1.6

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JULY 15, 1944 TO JULY 22, 1944

Increases			
Fruits and vegetables	2.1	Other foods	0.3
Woolen and worsted goods	0.4	Brick and tile	0.1
Lumber	0.3	Bituminous coal	0.1
Other farm products	0.3	Nonferrous metals	0.1
Decreases			
Grains	1.1	Livestock and poultry	0.2

National Fertilizer Association Commodity Price Index Continues To Advance Fractionally

The weekly wholesale commodity price index, compiled by The National Fertilizer Association, and made public July 31, continued to advance fractionally to 138.4 in the week ending July 29 from 138.2 in the preceding week. A month ago this index registered 137.7 and a year ago 134.6, based on the 1935-1939 average as 100. The index is now 2.8% above the corresponding period of last year. The Association's report went on to say:

The all-commodity index continued to advance slightly because of higher quotations in the farm products and foods groups. Grain prices moved within a narrow range, registering only small changes. Lower prices for some grades of wheat, oats and rye caused small declines in the grains group. Certain grades of wheat increased slightly. The livestock group continued its upward trend as higher prices for hogs and lambs were more than sufficient to offset lower quotations on cattle. The foods group reached a new all-time high as higher prices were registered for bread, oranges and eggs. There was a small upward trend in cotton prices but not sufficient to reflect a change in the textiles group index number.

During the week 8 price series in the index advanced and 5 declined; in the preceding week there were 5 advances and 7 declines, and in the second preceding week price changes were evenly balanced with 9 advances and 9 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 29, 1944	Preceding Week July 22, 1944	Month Ago July 1, 1944	Year Ago July 31, 1943
25.3	Foods	141.5	140.8	140.0	137.7
	Fats and Oils	145.1	145.1	145.1	145.1
	Cottonseed Oil	163.1	163.1	163.1	159.0
23.0	Farm Products	161.2	160.7	158.6	153.1
	Cotton	203.1	202.8	207.1	198.1
	Grains	157.9	158.9	162.0	144.0
	Livestock	155.6	154.6	149.3	147.8
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.1
8.2	Textiles	152.6	152.6	153.1	150.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	154.0	154.0	153.4	152.6
1.3	Chemicals and drugs	126.9	126.9	127.7	126.5
.3	Fertilizer materials	118.3	118.3	117.7	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.5	104.5	104.5	104.1
100.0	All groups combined	138.4	138.2	137.7	134.6

*Indexes on 1926-1928 base were: July 29, 1944, 107.8; July 22, 107.7, and July 31, 1943, 104.9.

Electric Output For Week Ended July 29, 1944 Shows 3.9% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 29, 1944, was approximately 4,390,762,000 kwh., compared with 4,226,705,000 kwh. in the corresponding week a year ago, an increase of 3.9%. The output for the week ended July 22, 1944, was 4.4% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 29	July 22	July 15	July 8
New England	1.4	0.3	*0.7	*12.0
Middle Atlantic	*3.7	*3.5	*2.5	*5.4
Central Industrial	2.7	2.7	3.3	*1.7
West Central	0.0	1.2	4.5	2.0
Southern States	9.0	9.7	9.2	5.2
Rocky Mountain	*5.3	*3.2	*4.6	*8.0
Pacific Coast	16.9	18.5	17.6	15.0
Total United States	3.9	4.4	4.6	0.5

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	4,361,094	3,882,467	+12.3	3,320,858	1,480,738	1,696,543
April 15	4,307,498	3,916,794	+10.0	3,307,700	1,469,810	1,709,331
April 22	4,344,188	3,925,175	+10.7	3,273,190	1,454,505	1,699,822
April 29	4,336,247	3,866,721	+12.1	3,304,602	1,429,032	1,688,434
May 6	4,233,756	3,903,723	+ 8.5	3,365,208	1,436,928	1,698,942
May 13	4,238,375	3,969,161	+ 6.8	3,356,921	1,435,731	1,704,426
May 20	4,245,678	3,992,250	+ 6.3	3,379,985	1,425,151	1,705,460
May 27	4,291,750	3,990,040	+ 7.6	3,322,651	1,381,452	1,615,085
June 3	4,144,490	3,925,893	+ 5.6	3,372,374	1,435,471	1,689,925
June 10	4,264,600	4,040,376	+ 5.5	3,463,528	1,441,532	1,699,227
June 17	4,287,251	4,098,401	+ 4.6	3,433,711	1,440,541	1,702,501
June 24	4,325,417	4,120,038	+ 5.0	3,457,024	1,456,961	1,723,428
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,426,986	1,724,728

Non-Ferrous Metals—August Copper Shipments To Fabricators Estimated At 140,000 Tons

"E. & M. J. Metal and Mineral Markets," in its issue of July 27 stated: "Most of next month's requirements of consumers of major non-ferrous metals have been taken care of and industry estimates point to another month of large deliveries. Copper producers believe that August shipments to fabricating plants will total around 140,000 tons, or close to the monthly average for the year to date. During the last week, consumers asked WPB for a substantial tonnage of foreign lead for August delivery, to supplement supplies available from domestic sources. Zinc was fairly active. Quicksilver sold in good volume in a steady market. The supply situation in iridium is somewhat easier." The publication further went on to say in part:

Copper

Though output at some fabricating plants has suffered because of the manpower shortage, activity, taking the industry as a whole, remains high. Deliveries of copper to consumers averaged slightly more than 140,000 tons a month over the first half of the year, and this rate continued during July and promises to be maintained in August, trade authorities hold.

The United States Commercial Co., Washington, D. C., has extended its contract with Granby Consolidated, operating in Canada, for the purchase of copper concentrate. The transaction involves about 15,000 tons of concentrate for delivery prior to Nov. 15, 1944.

Lead

Sales booked so far for August, plus demands of consumers for more than 30,000 tons of foreign metal to round out next month's needs, points to another active period in consumption of lead. Consumers may absorb in excess of 65,000 tons of lead in August, the industry believes. Sales by domestic producers for the last week dropped to 2,576 tons, a normal development for this period of the month.

United States lead refinery statistics for June disclosed that production declined sharply, confirming earlier reports that output would drop over the summer period and consumers would have to rely to an even greater extent than in the January-May period on imported metal to take care of total domestic requirements. The May and June statistics of the domestic industry, according to the American Bureau of Metal Statistics, in tons, follow:

	May	June
Production:		
Domestic ore	42,663	34,413
Foreign and secondary	3,240	5,342
	45,903	39,755
Shipments	48,142	43,485
Stock at end	37,586	33,847

Zinc

Producers sold a good tonnage of zinc for August shipment during the last week, but supplies were ample to cover the demands of consumers.

Members of the Hardware Industry Advisory Committee were informed by WPB officials that additional supplies of zinc will be made available for hardware, owing to an improvement in the supply of the metal.

Smelters handling Tri-State concentrates are being paid a premium for treating this material to offset cost factors.

Iridium

Iridium has been freed by WPB from direct allocation in an amendment to Order M-49. The regulations still limit consumption to permitted uses. An additional use is listed in the order, permitting the employment of binary platinum-iridium alloy in porcelain dental restorations.

The price of iridium was reduced recently to $120 per troy ounce, reflecting an easier supply situation.

Tin

Exports of tin concentrates from Bolivia during May amounted to 3,127 metric tons (tin content), against 2,656 tons in April. The exports during the first five months of 1944 totaled 14,475 tons, which compares with 15,424 tons in the January-May period of 1943. The decline in exports is attributed to higher production costs, which reduced output at some of the smaller properties.

The price here continued on the basis of 52c. per pound for Grade A tin. Forward metal was nominally as follows:

	July	August	Sept.
July 20	52.000	52.000	52.000
July 21	52.000	52.000	52.000
July 22	52.000	52.000	52.000
July 24	52.000	52.000	52.000
July 25	52.000	52.000	52.000
July 26	52.000	52.000	52.000

Cinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Prices at which quicksilver sold during the last week ranged from $102 to $106 per flask, New York, depending on the quantity involved. This indicates that the higher market referred to in the previous issue was fairly well maintained. Consumers purchased the metal in quantity during the last two weeks, following receipt of news to the effect that production has been sharply curtailed and most of the unsold metal is now in strong hands.

Silver

The monetary conference concluded its sessions at Bretton Woods, N. H., last week, but took no action on silver. A resolution was approved to give further study to the proposal that the metal be used in the stabilization fund.

The London market was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾c.

U. S. British Pacts With Luxembourg Government

The State Department at Washington on July 27 announced that the United States and the United Kingdom have made identical agreements with the Luxembourg Government for civil administration of Luxembourg territory when it is liberated and on the same model as similar agreements previously entered into with Belgium, the Netherlands and Norway.

This is learned from Washington advices July 27 to the New York "Times" which also reported:

"The Allied commander will have de factor authority during the military phase, but after that the Luxembourg Government will come into full constitutional control with respect to responsibility for civil administration.

"The Soviet Government was said to have expressed agreement with the arrangement."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended July 22, 1944 is estimated at 11,985,000 net tons, a decrease of 275,000 tons, or 2.2%, from the preceding week. In the corresponding week of last year, output amounted to 12,090,000 tons. Cumulative production of soft coal from Jan. 1 to July 22 totaled 353,030,000 net tons, as against 324,165,000 tons in the same period in 1943, or a gain of 8.9%.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended July 22, 1944 was estimated at 1,222,000 tons, a decrease of 44,000 tons (3.5%) from the preceding week. When compared with the production in the corresponding week of 1943, there was a decrease of 111,000 tons, or 8.3%. The calendar year to date shows an increase of 9.1% when compared with the corresponding period in 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended July 22, 1944 showed an increase of 6,400 tons when compared with the output for the week ended July 15; and was 10,300 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	July 22, 1944	July 15, 1944	July 24, 1943	*July 22, 1944	July 24, 1943	July 24, 1937
Total incl. mine fuel	11,985,000	12,260,000	12,090,000	353,030,000	324,165,000	248,853,000
Daily average	1,998,000	2,043,000	2,015,000	2,041,000	1,863,000	1,443,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡July 22, 1944	§July 15, 1944	July 24, 1943	July 22, 1944	July 24, 1943	July 24, 1937
*Total incl. coll. fuel	1,222,000	1,266,000	1,333,000	36,708,000	33,638,000	30,614,000
†Commercial produc.	1,173,000	1,215,000	1,280,000	35,241,000	32,292,000	29,083,000
Beehive coke—						
United States total	149,900	143,500	160,200	4,341,000	4,277,200	2,054,500

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	July 15, 1944	July 8, 1944	July 17, 1943	July 17, 1937
Alabama	397,000	284,000	412,000	257,000
Alaska	4,000	4,000	4,000	2,000
Arkansas and Oklahoma	88,000	67,000	100,000	26,000
Colorado	142,000	89,000	140,000	76,000
Georgia and North Carolina	*	1,000	1,000	*
Illinois	1,416,000	1,045,000	1,447,000	668,000
Indiana	563,000	449,000	533,000	236,000
Iowa	40,000	36,000	42,000	28,000
Kansas and Missouri	144,000	130,000	149,000	80,000
Kentucky—Eastern	998,000	673,000	975,000	701,000
Kentucky—Western	420,000	276,000	289,000	114,000
Maryland	42,000	24,000	39,000	23,000
Michigan	2,000	1,000	5,000	5,000
Montana (bitum. & lignite)	74,000	68,000	94,000	41,000
New Mexico	33,000	20,000	39,000	30,000
North & South Dakota (lignite)	42,000	38,000	31,000	13,000
Ohio	687,000	532,000	612,000	406,000
Pennsylvania (bituminous)	2,980,000	2,140,000	2,758,000	2,006,000
Tennessee	147,000	85,000	142,000	98,000
Texas (bituminous & lignite)	2,000	2,000	3,000	19,000
Utah	128,000	90,000	112,000	43,000
Virginia	383,000	249,000	411,000	242,000
Washington	32,000	28,000	29,000	32,000
†West Virginia—Southern	2,192,000	1,398,000	2,289,000	1,564,000
‡West Virginia—Northern	1,157,000	821,000	888,000	479,000
Wyoming	147,000	105,000	167,000	60,000
§Other Western States	*	*	1,000	1,000
Total bituminous & lignite	12,260,000	8,655,000	11,712,000	7,250,000
Pennsylvania anthracite	1,266,000	882,000	1,345,000	582,000
Total, all coal	13,526,000	9,537,000	13,057,000	7,832,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Civil Engineering Construction $41,066,000 For Week Tops Preceding Week By 14%

Civil engineering construction volume in continental U. S. totals $41,066,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, tops the preceding week's total by 14% and is 4% above the previous four-week moving average, but fails to equal the 1943 week's total by 0.2% according to reports to "Engineering News-Record," and made public on July 27. The report continued as follows:

Private work gains 30% over last week and is 150% above the volume for the corresponding 1943 week. Public construction is 6% higher than a week ago, but is 27% lower than a year ago.

The current week's construction brings 1944 volume to $1,050,391,000 for the 30 weeks, a decrease of 49% from the $2,062,540,000 reported for the period in 1943. Private construction, $239,774,000, is 6% below last year, and public construction, $810,617,000, is down 55% as a result of the 60% drop in federal work.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	July 29, '43	July 20, '44	July 27, '44
Total U. S. Construction	$41,154,000	$36,063,000	$41,066,000
Private Construction	6,207,000	11,926,000	15,553,000
Public Construction	34,947,000	24,137,000	25,513,000
State and Municipal	3,034,000	8,037,000	5,191,000
Federal	31,913,000	16,100,000	20,322,000

In the classified construction groups, gains over last week are in sewerage, bridges, industrial, commercial and public buildings, and earthwork and drainage. Increases over the 1943 week are in waterworks, sewerage, bridges, industrial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $670,000; sewerage, $1,187,000; bridges, $668,000; industrial buildings, $10,608,000; commercial building and large-scale private housing, $3,939,000; public buildings, $11,985,000; earthwork and drainage, $1,086,000; streets and roads, $3,766,000; and unclassified construction, $7,157,000.

New capital for construction purposes for the week totals $788,440,000, and is made up of $416,000 in state and municipal bond sales, $30,000 in RFC loans for private industrial expansion, and $787,994,000 in federal appropriations for War and Navy Department construction.

The week's new financing brings 1944 volume to $1,554,291,000 for the 30 weeks of 1944, a total 47% below the $2,921,188,000 reported for the corresponding period in 1943.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 1	120.09	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 31	120.10	112.56	118.60	116.80	112.19	103.30	106.56	114.08	117.20
29	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.08	117.00
28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
27	120.11	112.37	118.40	116.80	112.19	103.13	106.39	114.08	117.00
26	120.08	112.37	118.60	116.80	112.19	103.13	106.39	114.27	117.00
25	120.11	112.56	118.60	117.00	112.37	103.13	106.56	114.27	117.00
24	120.01	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
22	120.15	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
20	120.23	112.56	118.80	117.00	112.37	103.13	106.56	114.27	117.40
19	120.24	112.56	118.80	117.00	112.19	102.96	106.39	114.08	117.40
18	120.19	112.56	118.80	117.00	112.19	102.96	106.39	114.08	117.40
17	120.18	112.56	118.60	117.00	112.37	102.96	106.39	114.08	117.40
15	120.19	112.56	118.60	117.20	112.19	102.96	106.39	114.08	117.40
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
13	120.27	112.37	118.80	117.00	112.00	102.96	106.39	114.08	117.40
12	120.30	112.37	118.60	117.00	112.00	103.13	106.39	114.08	117.20
11	120.33	112.56	118.80	117.00	112.19	102.96	106.39	114.08	117.40
10	120.34	112.37	118.60	117.00	112.19	102.96	106.39	114.08	117.40
8	120.33	112.37	118.60	117.00	112.19	102.96	106.21	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
6	120.23	112.37	118.60	117.00	112.19	102.96	106.21	114.08	117.40
5	120.15	112.37	118.60	116.80	112.19	102.96	106.21	113.89	117.40
4	HOLIDAY								
3	120.15	112.37	118.60	117.00	112.19	102.96	106.21	113.89	117.40
1	120.15	112.37	118.60	116.80	112.19	102.96	106.04	113.89	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
21	119.75	111.62	118.40	116.41	111.62	101.31	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.56	118.80	117.20	112.37	103.30	106.74	114.27	117.40
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
July 31, 1943	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
2 Years Ago									
Aug. 1, 1942	118.10	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 1	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 31	1.79	3.03	2.72	2.81	3.05	3.55	3.36	2.95	2.79
29	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.95	2.80
28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
27	1.79	3.04	2.73	2.81	3.05	3.56	3.37	2.95	2.80
26	1.79	3.04	2.72	2.81	3.05	3.56	3.37	2.94	2.80
25	1.79	3.03	2.72	2.80	3.04	3.56	3.36	2.94	2.80
24	1.80	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
22	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
20	1.78	3.03	2.71	2.80	3.04	3.56	3.36	2.94	2.78
19	1.78	3.03	2.71	2.80	3.05	3.57	3.37	2.95	2.78
18	1.78	3.03	2.71	2.80	3.05	3.57	3.37	2.95	2.78
17	1.79	3.03	2.72	2.80	3.04	3.57	3.37	2.95	2.78
15	1.78	3.03	2.72	2.79	3.05	3.57	3.37	2.95	2.78
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
13	1.78	3.04	2.71	2.80	3.06	3.57	3.37	2.95	2.78
12	1.77	3.04	2.72	2.80	3.06	3.56	3.37	2.95	2.79
11	1.77	3.03	2.71	2.80	3.05	3.57	3.37	2.95	2.78
10	1.77	3.04	2.72	2.80	3.05	3.57	3.37	2.95	2.78
8	1.77	3.04	2.72	2.80	3.05	3.57	3.38	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
6	1.78	3.04	2.72	2.80	3.05	3.57	3.38	2.95	2.78
5	1.79	3.04	2.72	2.81	3.05	3.57	3.38	2.96	2.78
4	HOLIDAY								
3	1.79	3.04	2.72	2.80	3.05	3.57	3.38	2.96	2.78
1	1.79	3.04	2.72	2.81	3.05	3.57	3.38	2.96	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
21	1.83	3.08	2.73	2.83	3.08	3.67	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.03	2.71	2.79	3.04	3.55	3.35	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
July 31, 1943	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
2 Years Ago									
Aug. 1, 1942	2.01	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Truckloading Volume Declined 1% In June

The volume of freight transported by motor carriers in June decreased 1% under May and by the same amount under June, 1943, according to statistics released on July 30 by American Trucking Associations, Inc.

Comparable reports received by ATA from 312 motor carriers in 43 States showed these carriers transported an aggregate of 2,482,428 tons in June, as against 2,506,275 in May, and 2,508,000 in June of 1943.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 178.36 in June; the May index was 174.71

Approximately 81% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category decreased 0.3% under May and 1.4% under June, 1943.

Transportation of petroleum products, accounting for about 12% of the total tonnage reported, showed a decrease of 5.4% under May but was 2.4% above June of last year.

Carriers of iron and steel products hauled about 3% of the total tonnage. Their traffic volume was 2.7% under that of the previous month but was 7.3% above June, 1943.

About 4% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class increased 1.4% above May but declined by 10.1% under June of 1943.

Retail Dry Goods Ass'n To Confer On Planning

The National Retail Dry Goods Association, through its Post-War Planning Committee, under the chairmanship of Saul Cohn, President, City Stores Co., will sponsor an important conference on Post-War Planning to be held at the Seaview Country Club, Absecon, N. J., Aug. 8, 9 and 10. The Association has invited a number of other organizations which are active in the field of planning to send representatives to the Conference. Acceptances, it is announced. have been received from the National Planning Association, Committee for Economic Development, United States Chamber of Commerce, National Association of Manufacturers and American Retail Federation. Each of these organizations will send five delegates to the Conference and these with the members of the NRDGA's Post-War Committee will make up a group of about 50 men.

The first two days of the Conference will be devoted to joint discussions of such practical subjects as the outlook for production, employment and distribution, in the effort to develop common understandings among the various organizations of the steps which may be necessary to insure business activity and high levels of employment and prosperity at the end of the war.

Moody's Daily Commodity Index

Tuesday, July 25, 1944	250.2
Wednesday, July 26	250.0
Thursday, July 27	250.0
Friday, July 28	250.2
Saturday, July 29	250.2
Monday, July 31	250.0
Tuesday, Aug. 1	249.9
Two weeks ago, July 18	248.5
Month ago, July 1	248.9
Year ago, July 31, 1943	243.3
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Daily Average Crude Oil Production For Week Ended July 22, Exceeds Previous High

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 22, 1944 was 4,615,450 barrels, which established a new high in the industry's history for the second successive week. This was an increase of 13,100 barrels per day over the preceding week and exceeded the corresponding week in 1943 by 496,750 barrels per day. The current figure was also 9,350 barrels higher than the daily average figure recommended by the Petroleum Administration for War for the month of July, 1944. Daily production for the four weeks ended July 22, 1944, averaged 4,595,900 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,684,000 barrels of crude oil daily and produced 14,243,000 barrels of gasoline; 1,464,000 barrels of kerosine; 5,073,000 barrels of distillate fuel oil, and 8,947,000 barrels of residual fuel oil during the week ended July 22, 1944; and had in storage at the end of that week 82,150,000 barrels of gasoline; 11,085,000 barrels of kerosine; 37,514,000 barrels of distillate fuel, and 55,315,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations July	*State Allowables begin. July 1	Actual Production Week Ended July 22, 1944	Actual Production Change from Previous Week	Actual Production 4 Weeks Ended July 22, 1944	Actual Production Week Ended July 24, 1943
Oklahoma	332,000	332,000	†341,200	— 50	239,700	329,950
Kansas	274,000	269,400	†285,300	+ 6,500	276,300	306,150
Nebraska	1,000	----	†900	----	900	2,200
Panhandle Texas			89,150	----	89,900	90,400
North Texas			151,550	----	151,000	137,700
West Texas			463,550	----	459,500	245,600
East Central Texas			148,350	----	147,500	128,000
East Texas			363,550	----	362,800	371,000
Southwest Texas			319,750	----	318,100	230,000
Coastal Texas			531,400	----	530,700	412,900
Total Texas	2,064,000	‡2,064,698	2,067,300	----	2,059,500	1,615,600
North Louisiana			72,050	— 100	72,100	85,050
Coastal Louisiana			285,400	----	286,200	264,000
Total Louisiana	350,000	389,000	357,450	— 100	358,300	349,050
Arkansas	78,000	77,991	80,500	— 50	80,400	77,300
Mississippi	41,000		44,950	+ 900	44,300	54,150
Alabama			200	+ 50	200	----
Florida			50	----	50	----
Illinois	215,000		208,250	+11,300	205,600	215,400
Indiana	14,600		12,650	— 200	12,900	14,050
Eastern— (Not incl. Ill., Ind., Ky.)	71,200		61,400	— 5,250	65,400	76,400
Kentucky	22,000		23,150	— 1,200	23,500	23,150
Michigan	51,000		49,600	— 700	50,800	55,800
Wyoming	94,000		87,750	+ 450	87,400	96,500
Montana	24,400		22,100	----	22,100	20,850
Colorado	7,400		8,900	+ 450	8,300	7,300
New Mexico	113,000	113,000	108,500	+ 500	108,100	104,050
Total East of Calif.	3,752,600		3,760,150	+12,600	3,743,700	3,347,900
California	853,500	§853,500	855,300	+ 500	852,200	770,800
Total United States	4,606,100		4,615,450	+13,100	4,595,900	4,118,700

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. July 20, 1944.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 22, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

			Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—					
District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,439	96.9	7,289	36,274	20,759	16,323
Appalachian— District No. 1	130	83.9	102	78.5	275	2,300	563	320
District No. 2	47	87.2	56	119.1	197	1,565	187	177
Ind., Ill., Ky.	824	85.2	797	96.7	2.739	18,756	5,288	3,966
Okla., Kans., Mo.	418	80.2	374	89.5	1,346	6,860	1,606	1,596
Rocky Mountain— District No. 3	13	17.0	13	100.0	35	62	3	36
District No. 4	141	58.3	102	72.3	328	2,272	340	604
California	817	89.9	801	98.0	2,034	14,061	8,767	32,293
Total U. S. B. of M. basis July 22, 1944	4,908	87.2	4,684	95.4	14,243	†82,150	37,513	55,315
Total U. S. B. of M. basis July 15, 1944	4,908	87.2	4,575	93.2	14,083	82,252	37,171	54,332
U. S. Bur. of Mines basis July 24, 1943			3,954		11,367	74,356	33,863	67,161

*At the request of the Petroleum Administration for War. †Finished, 69,789,000 barrels; unfinished, 12,361,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,464,000 barrels of kerosine, 5,073,000 barrels of gas oil and distillate fuel oil and 8,947,000 barrels of residual fuel oil produced during the week ended July 22, 1944, which compares with 1,550,000 barrels, 4,842,000 barrels and 8,587,000 barrels, respectively, in the preceding week and 1,376,000 barrels, 3,695,000 barrels and 8,332,000 barrels, respectively, in the week ended July 24, 1943.

Note—Stocks of kerosine at July 22, 1944 amounted to 11,085,000 barrels as against 10,577,000 barrels a week earlier and 8,931,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on July 22 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 8, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 8 (in round-lot transactions) totaled 2,688,172 shares, which amount was 15.55% of the total transactions on the Exchange of 8,644,710 shares. This compares with member trading during the week ended July 1 of 3,794,430 shares, or 17.28% of the total trading of 10,975,880 shares. On the New York Curb Exchange, member trading during the week ended July 8 amounted to 621,960 shares, or 14.13% of the total volume on that exchange of 2,201,410 shares; during the July 1 week trading for the account of Curb members of 626,525 shares was 12.95% of total trading of 2,418,670 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 8, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	173,480	
‡Other sales	8,471,230	
Total sales	8,644,710	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	641,670	
Short sales	78,240	
‡Other sales	586,570	
Total sales	664,810	7.56
2. Other transactions initiated on the floor—		
Total purchases	429,670	
Short sales	14,900	
‡Other sales	437,820	
Total sales	452,720	5.10
3. Other transactions initiated off the floor—		
Total purchases	197,580	
Short sales	27,130	
‡Other sales	274,592	
Total sales	301,722	2.89
4. Total—		
Total purchases	1,268,920	
Short sales	120,270	
‡Other sales	1,298,982	
Total sales	1,419,252	15.55

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 8, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	35,360	
‡Other sales	2,166,050	
Total sales	2,201,410	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	170,805	
Short sales	14,900	
‡Other sales	194,240	
Total sales	209,140	8.63
2. Other transactions initiated on the floor—		
Total purchases	54,085	
Short sales	3,100	
‡Other sales	46,410	
Total sales	49,510	2.35
3. Other transactions initiated off the floor—		
Total purchases	54,840	
Short sales	4,500	
‡Other sales	79,080	
Total sales	83,580	3.15
4. Total—		
Total purchases	279,730	
Short sales	22,500	
‡Other sales	319,730	
Total sales	342,230	14.13
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	66,926	
Total purchases	66,926	
Total sales	58,479	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

International Business Conference Scheduled To Take Place In This Country During November

Organizations In Allied And Neutral Countries Invited To Send Representatives To Discuss Economic Problems

An International Business Conference was formally launched in New York on July 1 to bring to the United States in November outstanding representatives of business in the allied and neutral countries of the world. The conference will discuss the major economic problems which have current importance and which will likewise have much to do with the maintenance of the peace for which this war is being fought.

Invitations to the conference have been extended by the four leading organizations of business in the United States under whose auspices the conference is being held. The invitations bore the joint signatures of Eliot Wadsworth, Chairman, American Section, International Chamber of Commerce; Eric A. Johnston, President of the Chamber of Commerce of the United States; Robert Gaylord, President of the National Association of Manufacturers, and Eugene P. Thomas, President of the National Foreign Trade Council. The invitation reads in part:

"The task of securing the well-being and prosperity of more than two billion people, now and after the war is over, offers a renewed challenge to business leaders everywhere. In a world in which the problems and the welfare of every country will be linked more closely than ever with those of every other country, understanding and cooperation among such leaders, and between the business interests and the nations they represent, are essential steps to national and international progress, and to the development and maintenance of an enduring international peace.

"The International Business Conference will bring together on a world basis representatives of leading business organizations from allied and neutral countries for a discussion of economic problems which affect the business interests of their countries, nationally and internationally, and thus aim to establish a better basis for world relations and world trade. The conference will devote itself to a free interchange of views and full discussions of subjects which the participating organizations themselves will suggest, without necessarily endeavoring to arrive at resolutions or common declarations of policy."

Organizations invited to participate have been requested to forward topics for discussion which are of special interest or importance to the business life of their country.

The general subjects already proposed include:

Maintenance of Private Enterprise; Commercial Policy of Nations; Currency Relations among Nations; Encouragement and Protection of Investments; Industrialization in New Areas; Shipping Policy; Aviation Policy; World Supplies of Materials and Cartels.

Representation from each country is to be restricted to a maximum of six delegates—a limitation applying equally to the total representation from the United States. In addition, each country may have as many advisers or technical experts as it sends delegates. The announcement states that it is expected that many of the foreign delegates will take advantage of their visit to the United States to make contacts with individuals and Government agencies in special fields, and to carry on investigations or studies of special importance to them.

The International Business Conference will meet from Nov. 10 through Nov. 18 at the Claridge Hotel in Atlantic City, N. J. Conference Headquarters has been established in Room 716 at 10 Rockefeller Plaza, New York.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 26 a summary for the week ended July 15 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended July 15, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	26,360
Number of shares	758,472
Dollar value	$27,733,093
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	157
*Customers' other sales	25,767
Customers' total sales	25,924
Number of Shares:	
Customers' short sales	4,968
*Sustomers' other sales	697,980
Customers' total sales	702,948
Dollar value	$23,361,617
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	20
†Other sales	152,230
Total sales	152,250
Round-Lot Purchases by Dealers:	
Number of shares	207,360

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended July 22, 1944; Decreased 1,770 Cars

Loading of revenue freight for the week ended July 22, 1944 totaled 903,034 cars, the Association of American Railroads announced on July 27. This was an increase above the corresponding week of 1943 of 19,196 cars, or 2.2%, and an increase above the same week in 1942 of 47,519 cars or 5.6%.

Loading of revenue freight for the week of July 22 decreased 1,770 cars, or 0.2% below the preceding week.

Miscellaneous freight loading totaled 400,688 cars, an increase of 4,537 cars above the preceding week, and an increase of 14,851 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 102,481 cars, an increase of 1,179 cars above the preceding week, and an increase of 5,165 cars above the corresponding week in 1943.

Coal loading amounted to 176,298 cars, a decrease of 4,440 cars below the preceding week, and a decrease of 1,417 cars below the corresponding week in 1943.

Grain and grain products loading totaled 59,723 cars, a decrease of 2,813 cars below the preceding week but an increase of 884 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of July 22, totaled 40,577 cars, a decrease of 1,407 cars below the preceding week and a decrease of 3,048 cars below the corresponding week in 1943.

Livestock loading amounted to 13,970 cars, a decrease of 606 cars below the preceding week, but an increase of 204 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of July 22, totaled 9,503 cars, a decrease of 223 cars below the preceding week, but an increase of 50 cars above the corresponding week in 1943.

Forest products loading totaled 50,737 cars, an increase of 2,214 cars above the preceding week and an increase of 3,049 cars above the corresponding week in 1943.

Ore loading amounted to 84,468 cars, a decrease of 2,261 cars below the preceding week and a decrease of 4,099 cars below the corresponding week in 1943.

Coke loading amounted to 14,669 cars, an increase of 420 cars above the preceding week, and an increase of 559 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 and 1942, except the Pocahontas and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
Week of July 8	745,141	808,630	855,158
Week of July 15	904,804	877,335	857,146
Week of July 22	903,034	883,838	855,515
Total	24,502,173	23,522,353	24,384,960

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 22, 1944. During the period 81 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JULY 22

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	329	222	416	1,438	1,584
Bangor & Aroostook	1,204	930	1,096	244	258
Boston & Maine	6,532	6,157	5,900	13,628	13,610
Chicago, Indianapolis & Louisville	1,462	1,456	1,500	2,111	2,104
Central Indiana	25	30	35	57	46
Central Vermont	1,060	1,118	905	2,162	2,587
Delaware & Hudson	6,009	6,638	6,490	12,434	12,243
Delaware, Lackawanna & Western	7,842	7,704	7,697	11,526	12,140
Detroit & Mackinac	263	163	247	131	135
Detroit, Toledo & Ironton	1,848	2,099	1,461	1,335	1,329
Detroit & Toledo Shore Line	371	268	307	2,614	2,381
Erie	13,446	14,267	12,722	17,376	18,148
Grand Trunk Western	3,920	3,614	4,128	7,758	8,059
Lehigh & Hudson River	188	168	133	2,512	2,984
Lehigh & New England	2,038	2,264	2,149	1,593	1,666
Lehigh Valley	8,863	8,569	8,889	16,232	16,046
Maine Central	2,498	2,258	2,250	2,426	2,304
Monongahela	6,300	6,403	6,286	397	399
Montour	2,649	2,435	2,338	20	183
New York Central Lines	53,437	54,567	46,643	55,780	57,472
N. Y., N. H. & Hartford	9,208	9,664	9,744	18,181	18,941
New York, Ontario & Western	1,341	1,349	1,025	3,199	2,644
New York, Chicago & St. Louis	6,973	7,235	7,336	16,220	16,035
N. Y., Susquehanna & Western	440	523	383	2,172	2,652
Pittsburgh & Lake Erie	7,973	7,532	7,856	8,976	9,540
Pere Marquette	5,485	4,905	5,193	8,232	8,428
Pittsburg & Shawmut	734	913	744	21	24
Pittsburg, Shawmut & North	356	422	211	262	270
Pittsburgh & West Virginia	1,337	1,152	1,092	2,909	3,470
Rutland	382	367	325	1,164	948
Wabash	6,601	5,699	5,528	12,195	13,684
Wheeling & Lake Erie	5,726	5,377	5,224	4,811	5,136
Total	166,840	166,468	156,253	230,116	237,450
Allegheny District—					
Akron, Canton & Youngstown	817	724	690	1,352	957
Baltimore & Ohio	47,663	43,641	41,753	31,143	29,864
Bessemer & Lake Erie	6,449	6,465	6,686	2,290	1,771
Buffalo Creek & Gauley	320	291	299	6	4
Cambria & Indiana	1,640	1,801	2,019	7	4
Central R. R. of New Jersey	7,415	7,182	6,925	21,663	21,951
Cornwall	549	667	643	57	62
Cumberland & Pennsylvania	219	253	276	9	13
Ligonier Valley	128	126	147	58	29
Long Island	1,869	1,463	921	3,328	3,766
Penn-Reading Seashore Lines	1,701	1,788	1,659	2,658	2,806
Pennsylvania System	90,011	86,237	84,268	67,256	69,460
Reading Co.	14,461	16,073	14,341	20,870	27,259
Union (Pittsburgh)	19,724	20,201	21,385	7,474	8,509
Western Maryland	4,407	4,308	3,969	13,548	12,202
Total	197,373	191,220	185,981	181,719	178,657
Pocahontas District—					
Chesapeake & Ohio	29,886	29,454	28,828	14,021	14,036
Norfolk & Western	21,848	22,537	23,139	9,328	7,897
Virginian	4,468	4,915	4,602	2,285	2,115
Total	56,202	56,906	56,569	25,634	24,048
Southern District—					
Alabama, Tennessee & Northern	443	266	305	468	371
Atl. & W. P.—W. R. R. of Ala	903	556	771	2,435	2,569
Atlanta, Birmingham & Coast	1,102	826	1,131	1,245	1,234
Atlantic Coast Line	9,766	11,305	9,992	9,702	9,481
Central of Georgia	3,888	3,694	4,206	5,879	3,969
Charleston & Western Carolina	683	507	379	1,687	1,573
Clinchfield	1,778	1,691	1,561	3,030	2,744
Columbus & Greenville	189	302	405	312	138
Durham & Southern	124	110	156	656	519
Florida East Coast	937	1,152	565	1,271	1,658
Gainesville Midland	49	44	36	100	101
Georgia	1,247	1,123	1,338	2,515	3,025
Georgia & Florida	373	289	438	819	406
Gulf, Mobile & Ohio	4,346	3,567	4,195	4,707	4,329
Illinois Central System	29,162	28,337	28,990	16,653	17,862
Louisville & Nashville	26,674	25,635	25,753	11,600	12,055
Macon, Dublin & Savannah	293	281	209	793	640
Mississippi Central	364	269	228	555	429
Nashville, Chattanooga & St. L.	3,404	3,142	3,021	5,169	5,131
Norfolk Southern	1,276	1,892	1,503	1,903	1,137
Piedmont Northern	370	349	286	1,230	1,014
Richmond, Fred. & Potomac	386	458	451	11,555	10,078
Seaboard Air Line	10,143	9,785	9,866	8,447	8,133
Southern System	24,857	22,333	23,212	24,641	23,289
Tennessee Central	777	530	582	860	948
Winston-Salem Southbound	128	96	84	1,032	855
Total	123,662	118,539	119,663	119,264	113,658
Northwestern District—					
Chicago & North Western	19,110	22,294	21,364	13,295	14,435
Chicago Great Western	2,434	2,769	2,253	3,581	2,734
Chicago, Milw., St. P. & Pac.	22,300	20,560	19,539	10,266	11,410
Chicago, St. Paul, Minn. & Omaha	3,081	3,716	3,060	3,721	3,718
Duluth, Missabe & Iron Range	27,500	29,729	31,731	222	439
Duluth, South Shore & Atlantic	685	796	1,167	562	539
Elgin, Joliet & Eastern	9,605	8,627	9,389	10,813	10,967
Ft. Dodge, Des Moines & South	416	428	575	86	109
Great Northern	25,283	26,246	27,448	7,076	5,505
Green Bay & Western	461	404	470	1,016	1,000
Lake Superior & Ishpeming	3,810	3,239	2,036	57	38
Minneapolis & St. Louis	2,169	1,801	2,086	2,614	2,366
Minn., St. Paul & S. S. M.	8,083	7,555	7,675	3,056	2,871
Northern Pacific	12,045	13,835	11,644	6,229	5,973
Spokane International	173	153	215	572	586
Spokane, Portland & Seattle	3,037	2,680	2,687	3,271	3,138
Total	140,192	144,832	143,339	66,437	65,828
Central Western District—					
Atch., Top. & Santa Fe System	30,223	22,343	23,924	12,892	11,927
Alton	3,625	3,610	3,603	4,359	4,164
Bingham & Garfield	493	617	670	97	115
Chicago, Burlington & Quincy	20,194	21,981	17,705	11,693	11,795
Chicago & Illinois Midland	3,156	3,184	2,445	881	8,827
Chicago, Rock Island & Pacific	14,935	13,550	12,780	13,341	11,747
Chicago & Eastern Illinois	2,856	2,580	2,213	7,364	5,641
Colorado & Southern	683	887	759	2,405	1,769
Denver & Rio Grande Western	3,850	3,760	3,760	6,068	6,458
Denver & Salt Lake	772	697	661	53	12
Fort Worth & Denver City	1,199	1,009	1,049	1,821	1,558
Illinois Terminal	2,384	1,977	1,607	2,163	1,933
Missouri-Illinois	1,136	1,049	1,340	601	503
Nevada Northern	1,670	2,058	2,060	106	94
North Western Pacific	1,092	943	1,169	791	882
Peoria & Pekin Union	2	24	24	0	0
Southern Pacific (Pacific)	34,636	34,218	31,221	14,055	14,438
Toledo, Peoria & Western	306	271	354	2,043	1,650
Union Pacific System	17,133	15,906	14,090	16,817	17,280
Utah	473	567	606	3	4
Western Pacific	1,992	2,057	2,255	3,985	4,138
Total	142,810	133,288	124,295	101,538	96,935
Southwestern District—					
Burlington-Rock Island	699	432	537	292	178
Gulf Coast Lines	5,676	5,665	4,392	2,613	3,137
International-Great Northern	2,876	2,566	2,546	3,756	3,129
Kansas, Oklahoma & Gulf	229	327	338	955	1,128
Kansas City Southern	5,926	5,346	4,626	2,878	2,791
Louisiana & Arkansas	3,663	3,501	4,360	2,477	3,271
Litchfield & Madison	301	373	290	1,281	1,478
Midland Valley	761	731	683	425	258
Missouri & Arkansas	128	225	168	357	397
Missouri-Kansas-Texas Lines	6,678	5,320	5,432	5,183	5,860
Missouri Pacific	18,365	17,058	16,558	18,848	19,763
Quanah Acme & Pacific	70	64	81	391	249
St. Louis-San Francisco	9,703	9,116	8,820	8,703	9,487
St. Louis Southwestern	3,451	2,796	2,805	7,783	7,488
Texas & New Orleans	12,391	13,964	12,680	5,794	5,418
Texas & Pacific	4,922	4,995	4,903	8,197	6,873
Weatherford M. W. & N. W.	95	85	127	49	40
Wichita Falls & Southern	21	21	69	22	26
Total	75,955	72,585	69,415	70,094	70,971

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	 Cumulative
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94
April 15	145,936	143,883	636,176	92	94
April 22	138,712	158,871	610,555	98	94
April 29	147,768	156,041	601,880	98	95
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150,435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95
June 3	170,421	152,461	599,322	93	95
June 10	144,384	157,794	584,083	96	95
June 17	147,689	154,137	577,721	95	95
June 24	130,510	156,338	549,830	96	95
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Dividends Paid To Life Policy Holders In First Half Of 1944

Dividends to policyholders paid by American life insurance companies in the first half of this year are reported at approximately $220,000,000 by the Institute of Life Insurance, an increase of about $14,000,000 over the policyholder dividends paid in the corresponding period of last year. "This is the first time in several years that the aggregate of dividends to policyholders has shown an increase at mid-year," the Institute said. "The increase," it said, "is due in large part to the increased insurance in force which was up last year in roughly the same proportion as the gain in dividend payments this year. At the same time, there were a few dividend increases during the past year which accounted for a small part of the gain."

The Institute on July 27 added:

"Policy dividends or premium refunds are a direct reflection of the actual experience in the three major factors of mortality, investment earnings and operating expenses. For several years, neither mortality nor operating expenses have shown any material change. The major change has been in the earning rates on investments, which have continued downward, with only slight halts, for 20 years. Last year, however, the decline in earnings was largely offset by special circumstances, such as increased collection of overdue interest and larger gains from the sale of securities and real estate. While receipts from these sources are not apt to be recurrent, they contributed to reserve funds and enabled a general holding of the line on dividends to policyholders."

In the full year, 1943, the aggregate paid in dividends to policyholders was $404,000,000. This compares with $434,716,000 in 1942 and $432,204,000 in 1941. The mid-year total for 1944 indicates that this year's total may be up to the 1941-42 level, said the Institute, which further said:

"During the year, $80,000,000 of the dividends paid to policyholders was left with the companies on deposit. This represented an increase of 10% over the amount so used from the previous year's dividends. About the same relative share of the year's dividends as in 1942 was applied to the payment of renewal premiums, the $192,000,000 used in this way being 47% of the year's total. Another $59,000,000 was used to purchase paid-up additions and annuities, $347,000 was applied to shorten endowment or premium paying periods and $72,000,000 was taken in cash or used to pay off policy loans or premium notes."

Lumber Movement—Week Ended July 22, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 501 mills reporting to the National Lumber Trade Barometer were 9.1% below production for the week ended July 22, 1944. In the same week new orders of these mills were 20.7% below production. Unfilled order files of the reporting mills amounted to 118.2% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 32 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 5.4%; orders by 7.9%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 36.4% greater; shipments were 30.5% greater; and orders were 10.6% greater.

Items About Banks, Trust Companies

Harry E. Ward, Chairman of the Board of Irving Trust Company of New York, announced on July 27 the appointment of George A. Borger and Charles E. Rogers as Assistant Secretaries of the company. Mr. Borger, a native New Yorker, has served in most of the operating departments of the institution, is a graduate of the American Institute of Banking and of the Graduate School of Banking at Rutgers University. In the Institute he was Chairman of the Commercial Banking Round Table, a discussion group on the subject of bank operations. Mr. Rogers has had broad experience in the company's foreign division and is widely known in foreign trade circles, especially among importers of coffee.

The West Side Office of Manufacturers Trust Company, Eighth Avenue and 34th Street, New York, observed its 75th anniversary on Aug. 2. The history of this office goes back to the West Side Bank, which opened its doors there to the public on Aug. 2, 1869. During the next 30 or 40 years the bank changed its quarters several times, but always remained in the immediate vicinity of its original location. In 1910, the West Side Bank moved into a new and imposing bank building on the northwest corner of Eighth Avenue and 34th Street, which was then one of the finest banking structures on the West Side, located on the site now occupied by the Hotel New Yorker. In 1918 the bank was merged with Manufacturers Trust Company. The West Side Office has been in its present location since 1930. Louis C. Adelson, Vice-President in Charge, has been associated with the West Side Office for the last 19 years.

Colonial Trust Company of New York makes known that it has employed an original and unusual way of declaring its interest in the development of two-way trade with Latin America. Arthur S. Kleeman, President, announced on July 31 that a special printing of the June 30 Statement of Condition of the bank had been prepared for its Latin American correspondents and customers. On the first page appeared the following statement, signed by the head of the Foreign Division, Mario Diez:

> "Our Foreign Division is dedicated to the principle that broader markets in the United States be developed in the post-war period for the products of Latin American countries."

In discussing this reprint, a departure from the bank's usual statement form, Mr. Kleeman said: "The directors and officers of the Colonial Trust Company are convinced that the United States must be a better customer of Latin America if we expect to sell our goods and products to our Southern neighbors. If we buy from Latin America, Latin Americans will buy from us, but we must help them to develop their dollar purchasing power by the greatest cooperation in the expansion of United States markets for their commodities and goods. This bank's determination to use its utmost efforts to facilitate such a program is epitomized by Mr. Diez' statement referred to above."

Arthur S. Kleeman, President, Colonial Trust Company of New York, announces July 31 the opening of the additional space recently acquired at the Rockefeller Center office. The enlarged banking rooms, which double the facilities for handling customers at tellers' windows and also the reception space for the public, occupy the entire street floor on the 48th Street side and, on the Sixth Avenue front, from 48th Street north to the principal entrance of the United States Rubber Company building.

In suggesting a "plan-a-purchase account" at the Union Dime Savings Bank, the institution located at 6th Avenue and 40th Street, this city, points out in a letter to depositors that "after the war, when all energies are not being directed to the production of war materials and equipment for the armed formes, civilian goods will again be plentiful, and undoubtedly both better and cheaper than they are now." "Perhaps," it adds, "your post-war plans include buying a home—or repairs, or new furnishings and appliances for your present home—or a new car. Money saved now will make those things possible. * * * There is another important reason for saving today. In the transition from war to peace there will be a period of adjustment—and perhaps of unemployment—and money that we will need then will be gone if we spend unnecessarily now. Everyone needs a reserve — a savings account and money invested in War Bonds."

The Union Dime Bank itself, according to its July 1 statement, has $96,000,000 invested in government bonds, and a total of $2,765,098 invested in other bonds, including, municipal, railroad and public utility.

It reports deposits of $158,378,604. William L. De Bost is President. J. Wilbur Lewis is Vice-President and Treasurer.

John E. Bierwirth, President of the New York Trust, announced on Aug. 1 the appointment of Martin K. Schnurr as Comptroller of company. Educated at Columbia University, New York University and Pace Institute, Mr. Schnurr has had wide experience as an auditor and comptroller with financial and industrial corporations. For the past 12 years he has been associated with the Rustless Iron & Steel Co. of Baltimore, Md., and he relinquished his connection as Secretary-Treasurer of that company to accept the new position.

Herbert Parkinson Howell, Chairman of the Board of Directors of the Commercial National Bank and Trust Co. of New York. died suddenly in a drugstore in the Hotel Ambassador on July 31, not far from his home at 375 Park Avenue. Mr. Howell, who was born at Coultersville, Pa., was 71 years of age. He had been President of the Commercial National Bank & Trust from 1928 until 1939, when he became Chairman of the Board. In the New York "Herald Tribune" of Aug. 1 it was stated:

Beginning his career as a night clerk in a Carnegie Steel Co. plant, Mr. Howell became one of the most prominent bankers in New York. He was President of the New York Clearing House Association. He was formerly President of the Bankers Club of America and at the time of his death was Chairman of the Executive Committee and member of the Board of Governors.

The Commercial National Bank & Trust Co. was formed in 1928 by a group of bankers, capitalists and corporation executives, and with its formation Mr. Howell became its President. He continued in that capacity until 1939 when Walter G. Kimball, then senior Vice-President, became President and Mr. Howell took over the Chairmanship of the Board.

Prior to assuming the Presidency of Commercial, Mr. Howell had been President, since 1922, of the firm of Peierls, Buhler & Co., Inc., and before that, from 1912, had served as Vice-President of the National Bank of Commerce. Before coming to New York, Mr. Howell was for many years associated with the Carnegie Steel Co. in Pittsburgh, having been made head of its credit department in 1901.

Mr. Howell was a director of numerous corporations, including the Lehman Corporation, the City of New York Insurance Co., the Omnibus Corporation, Standard Brands, Inc., and the Commercial National Safe Deposit Co. He was a trustee of the Grant Monument Association and of the Franklin Savings Bank.

Alfred C. Howell, Vice-President of the Guaranty Trust Co., is a brother of the late Mr. Howell.

Thomas M. Steele, Chairman of the Board, and former President of the First National Bank & Trust Co. of New Haven, Conn., died on July 29.

From the New Haven "Evening Register" of July 30, we take the following:

Mr. Steele has been Chairman of the Board of the First National since Jan. 1 of this year, when he relinquished the Presidency of the institution after having served in that capacity for 20 years. Under Mr. Steele's administration the bank grew to be one of the largest in the State.

Mr. Steele came to New Haven in 1906 to join the legal department of the New Haven Railroad. Later, as a member of the law firm of Watrous, Day, Hewitt, Steele and Sheldon, he left that connection to become President of the First National.

He was long active in civic and community affairs. In two world wars he played a vital role in fund raising and relief administration. During World War I he was Chairman of the New Haven Committee on Educational Work for drafted men and a member of the Liberty Loan Committee as well as the New Haven Advisory Committee on War Risk Insurance.

Mr. Steele also gained considerable prominence around 1905 and 1906 when he was assistant to Charles Evans Hughes in the famous insurance investigation.

He was a member of the Executive Council of the American Bankers' Association and also a member of its Federal Legislative Committee. For nine years he represented the First Federal Reserve District on the Federal Advisory Council and was President of the Connecticut Bankers' Association in 1940.

Kelley Graham, President of the First National Bank of Jersey City, N. J., announces the appointment of Roland C. Cardner as Assistant Vice-President of the Bank effective Aug. 1. Mr. Cardner, a graduate of Colgate University, is resigning his present position as investment officer of the Farmers Bank of the State of Delaware. He was formerly with the Chase Securities Corp. and the Chase National Bank of New York.

The plans, proposed by the directors of the First National Bank of Philadelphia, to reduce the par value of capital stock from $100 to $10, were approved by the stockholders on July 28. The President of the bank, Harry C. Carr, told the stockholders at the meeting that 10 new shares of stock will be issued for one of the old shares, according to the Philadelphia Evening "Bulletin," which quoted Mr. Carr as saying:

"It is the present thought of the Board of Directors to continue the payment of the same total amount of dividends, that is to say, $1.60 annually per share on the new stock, as against $16 per share annually on the present stock."

A previous item regarding the change in the par value of the bank's stock appeared in our July 20 issue, page 320.

William K. Gamble, Vice-President and Director of the Potter Title & Trust Co. of Pittsburgh, Pa., died at his home on July 27 after a long illness. He was 73 years of age. He became associated with the Potter Title & Trust Co. in 1907.

The Maryland Trust Company of Baltimore, Md., paid off on July 17 $250,000 of Reconstruction Finance Corp. notes, reducing the outstanding amount to $500,000, Heyward E. Boyce, President of the trust company, announced. At the same time, said the Baltimore "Sun," from which we quote, the bank added $250,000 to its surplus account, making its total surplus $2,000,000. The "Sun" added:

The company expects to retire the balance of the RFC notes within the next year, Mr. Boyce said. The original amount was $2,000,000, maturing in 1954.

As of June 30, Maryland Trust showed total assets of $84,756,651, compared with $83,482,502 on Dec. 31. Deposits amounted to $79,091,470, as against $78,863,907 six months earlier.

It is announced by the directors of the Calvert Bank of Baltimore, Md., that they have called for redemption next Oct. 1 the entire outstanding issue of 4,000 shares of preferred stock of a par value of $25 a share, aggregating $100,000. In addition to the "call price" of $26.50 the preferred stockholders will receive 50 cents a share payable for the six months ending Oct. 1.

The Baltimore "Sun," from which this is learned, also says:

As a convenience, however, the bank announces that full payment including the dividend will be made at any time after receipt of the call notice on presentation of the certificates.

The Calvert Bank also reported that it has retired during the past week $62,000 of its capital debentures held by the Reconstruction Finance Corporation, reducing the outstanding amount to $100,000. The bank's surplus was $538,000 on June 30, and this has since been increased to $600,000 by the partial retirement of the debentures. When the preferred stock is redeemed the surplus account will be further increased to $700,000.

Halsey G. Bechtel, Jr., of New York, has been named Assistant Trust Officer of the Central Trust Company of Cincinnati, O., it was announced by the company on July 18. Mr. Bechtel was formerly Senior Trust Administrator of the Chemical Bank & Trust Co. of New York, said the Cincinnati "Enquirer," which added that "Mr. Bechtel received his education at the University of Pennsylvania, and the American Institute of Banking. For a number of years he was associated with the Chase National Bank."

The Ottoville Bank Company of Ottoville, Putnam County, O., has been admitted to membership in the Federal Reserve System, Fourth District, it was announced on July 20 by President M. J. Fleming of the Federal Reserve Bank of Cleveland, bringing the number of member banks in the district to 710. The Ottoville Bank, located 22 miles northwest of Lima, O., and serving an agricultural community with an estimated population of 2,500, was incorporated in 1903 with a paid-in capital of $25,000. It has deposits of about $850,000. Officers of the bank are: A. J. Miller, President; J. T. Remlinger, Vice-President; Miss Catherine Miller, Cashier, and Miss Margaret Miller, Assistant Cashier. The directors are A. J. Miller, W. T. Remlinger, Miss Catherine Miller, Edward Miller and Joseph Otte.

The stockholders of the Winters National Bank of Dayton, Ohio, approved on July 25, the proposed changes in the capitalization providing for an increase in common stock from $1,500,000 to $3,000,000 and to reduce the par value from $100 to $20 per share.

The First Wisconsin National Bank of Milwaukee has increased its surplus from $7,000,000 to $10,000,000, making that account now equal to the bank's capital—it is announced by Walter Kasten, President. This is learned from the Milwaukee "Journal," which further said:

"The increase was effected by transferring $3,000,000 from undivided profits to the surplus account. The action was authorized at a meeting of the board of directors. Mr. Kasten stated that the move is in keeping with the bank's policy of maintaining a strong position for wartime service and building for post-war operations.

It is reported that the stockholders of the Commerce Trust Co. of Kansas City, Mo., will vote Aug. 26 on a proposal to split the bank's stock five for one, reducing the par value from $100 a share to $20 a share.

James K. Lockhead, President of the American Trust Company of San Francisco, announces the appointment of William M. Hale, as Executive Vice-President.

Payments To Life Policy Holders, Beneficiaries

Total payments to American policyholders and beneficiaries by the life insurance companies for the first five months of the year amounted to $1,066,063,000, an increase of $45,185,000 over the payments in the corresponding period of last year, according to the Institute of Life Insurance, which on July 27 stated that increases were shown in death benefits, in payments on matured endowments, under annuities and in dividends to policy holders. Surrender value payments and payments on account of disability declined.

In its advices the Institute also said:

"The call of policyholders for the cash value of their policies has been on a much smaller scale than a year ago, continuing the downward trend that has held over the last two years and more. This trend has resulted primarily because the financial position of American families has improved in the war period. It also reflects the greater value attached to security during wartime, and the consequently greater determination by policyholders to maintain their insurance in force.

"The aggregate of surrender value payments for the five month period was $98,479,000. At this level it is believed that a very substantial part of the payments represent surrenders of policies because the need for insurance has been fulfilled and the policyholder desires to use the cash value to provide for retirement income, for educational or other constructive purpose."

Death benefit payments in the five month period were $518,275,000, an increase of $50,455,000 as compared with a year ago. The increase in the number of death claims was approximately 54,000. May payments were above those a year ago, marking a continuation of the gradual upward trend.

Year Book Of Ill. Bankers

The Year Book of the Illinois Bankers Association for the current year 1944-45 has just been distributed to the member banks. It presents information concerning the setup of the Association and contains a complete list of the committee appointments, personnel of the Council of Administration, the officers of the ten groups and the Trust Division, the Declaration of Policy adopted at the 54th Annual Convention, the Constitution and By-Laws, the rules and regulations governing the groups, the rules governing crime prevention activities, and the reward offer for the capture of bank robbers, a map of the state showing the divisions of the ten groups, and a complete membership list by groups. It also has historical data of the conventions, past presidents and past treasurers.